

Predicting the Relationship between Values, Attitude and Intention to Quit: An Empirical Examination of Indonesian Micro Entrepreneurs

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Abstract

Resilience is one important topic in entrepreneurship. This is because entrepreneurship is not a flat line and requires adaptation, persistency, and resilience in order to sustain and increase its business. Personal values are one key component in leading people to behave include people behaviour in adapting, changing, surviving, or other things in their lives. The value-attitude-behaviour hierarchy explains the relationship of personal values and people behaviour is mediated by people's attitude. Thus, the aim of this research is to examine the relationship between instrumental and terminal values, as well as attitudes and intentions to quit becoming entrepreneurs. The number of samples in this study involves 462 micro entrepreneurs of Indonesia collected through purposive sampling. Data are then analysed by using structural equation modelling. The analysis results show that the terminal values have a significant relationship with the attitude of becoming an entrepreneur. However, the results also show that instrumental values have no significant relationship with attitudes. Furthermore, the results show that attitudes have no significant relationship with the entrepreneurial intention to quit.

Keywords: Personal values; Attitude; Intention to quit; Micro entrepreneurs.



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1.Introduction

Small and medium enterprises (SMEs) play significant roles in Indonesian economic. Specifically, economic crisis in Indonesia such as 1997-1998 showed that SMEs was not influenced by the crisis and further increase the number of quantity of SMEs. Indonesian Central Bank (i.e., Bank Indonesia) also pointed out that SMEs contributes to the Indonesian economic growth and absorbing labour ([Bank Indonesia, 2015](#)). Thus, it can be stated that one significant player in SMEs is micro enterprises.

Resilience is a key factor in entrepreneurship especially lives in entrepreneurship is never flat. Motivation, personal values, positive attitude, and many others factor can explain fighting spirit of entrepreneurship. Personal values and attitude are chosen as two main factors influence entrepreneur's ability to survive and adapt in cycle of life of entrepreneurship. Values and attitudes are applied in this study to predict people intention because these two factors are perceived as two types of beliefs that lead people behaviour ([Wyer and Bodenhausen, 2012](#)). Specifically, values are type of beliefs that more abstract than attitude ([Schwartz et al., 2010](#)). However, values provide foundation for constructing attitude ([Johnson-Cartee and Copeland, 2004](#)). Furthermore, values and attitudes are represented in a similar manner ([Wyer and Bodenhausen, 2012](#)).

Many research applied personal values and attitude in predicting people intention to becoming entrepreneurship ([Alam et al., 2015](#); [Halis et al., 2007](#); [Hemingway, 2005](#); [Lindsay et al., 2005](#); [Malovics et al., 2015](#); [Nguyen and Nguyen, 2008](#); [Rohani et al., 2015](#)). Literature on personal values shows that values can be understood in specific types such as instrumental and terminal values ([Rokeach, 1973](#)). Specifically, terminal values refer to beliefs in achieving ultimate goals and instrumental values represent ways in achieving that end goals. [Rokeach \(1973\)](#) developed those 36 values in western-based context. On the other hand, every culture has its own specific values. In relating with Indonesian context, a study conducted by [Sihombing et al. \(2016\)](#) developed terminal and instrumental values for Indonesian micro entrepreneurs: (1) terminal values that represents goal and desirable state of existence (i.e., success, being honest person, happiness of life, responsible, and having a good future) and (2) instrumental values are the means to achieve the ends (i.e., honesty, hard work, success, and work with diligently). Related to these types of values, there is only a limited research that applies instrumental and terminal values in context entrepreneurship research.

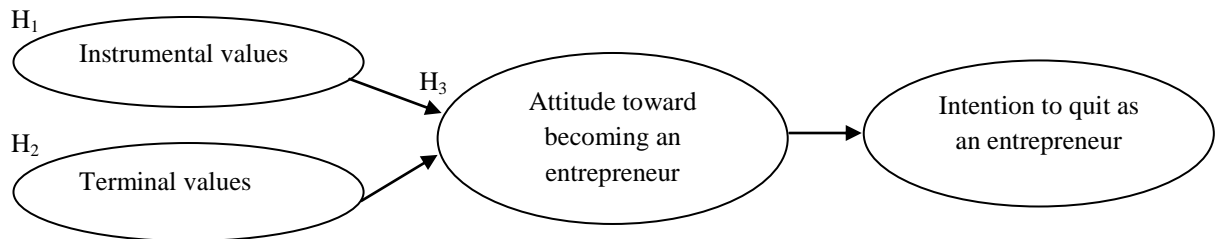
Many research in entrepreneurship focus on people intention to becoming an entrepreneur. This research, however, will assess the relationship between personal values, attitude, and intention to quit as entrepreneur. The dependent variable of intention to quit was also chosen to describe the resilience of entrepreneur in their lives. Therefore, three research questions were developed for this research as follows:

1. Is there a positive relationship between instrumental values with attitude toward becoming an entrepreneur?
2. Is there a positive relationship between terminal values with attitude toward becoming an entrepreneur?
3. Is there a negative relationship between attitude toward becoming an entrepreneur and intention to quit?

2. Methodology

2.1. Research Model and Hypotheses

Based on introduction above, the research model was developed and research hypotheses are proposed as follows:



Hypotheses:

H₁: Instrumental values will be positively related to attitude toward becoming an entrepreneur.

H₂: Terminal values will be positively related to attitude toward becoming an entrepreneur.

H₃: Attitude toward becoming an entrepreneur will be negatively related to intention to quit as an entrepreneur.

2.2. Sample

Subjects for this research were micro entrepreneurs from 3 cities in Indonesia: Jakarta, Tangerang, and Bandung. These cities were chosen because this research used respondents of micro entrepreneurs which are clients of one micro finance foundation in Tangerang. Thus, support of collecting data was helped by assistants from that micro finance foundation. Questionnaires were distributed to 600 micro entrepreneurs.

2.3. Measures

This research measured four constructs: terminal values, instrumental values, attitude toward becoming an entrepreneur, and intention to quit. The questionnaire of this research was based on multiple-item scales taken from previous research. All items were measured using a five point Likert scale (ranging from 1 = strongly disagree to 5 = strongly agree). All constructs in this research were adapted from Sihombing *et al.* (2016), Lin H. (2007), Lin Q. and Lee (2004).

Two major criteria for evaluating measurement were applied: reliability and validity analysis (Zikmund *et al.*, 2010). Reliability refers to the consistency of indicator measurement. Cronbach alpha was applied to assess multiple-item's scale reliability. Furthermore, scales with a coefficient alpha between 0.7 and 0.8 are considered as having good reliability. Another criterion for measure evaluation is validity. Validity represents the accuracy of a measure. Construct validity was applied in this research by assessing convergent validity and discriminant validity. Exploratory factor analysis and confirmatory factor analysis were applied to examine construct validity. Moreover, Pearson product-moment correlation was used to assess discriminant validity. Discriminant validity is achieved when the correlations between pairs of variable were below the 0.8 threshold (Venkatraman, 1989).

3. Results

A purposive sampling approach was used to collect data from micro entrepreneurs in Jakarta, Tangerang, and Bandung. Out of the 600 questionnaires distributed, 496 were returned. Thirty-four questionnaires were rejected due to incomplete response. Then 462 questionnaires were usable questionnaires, giving response rate 77 per cent. Furthermore, the sample of 462 responses contained 13 per cent men (75) and 83 per cent women (387).

Table 1 provides descriptive statistics and the full set of correlations among the constructs of interest in this research. Furthermore, Pearson product-moment correlations among the study variables were computed in order to provide support for discriminant validity. The highest correlation occurred between terminal values and instrumental values (0.755) and reversely, the lowest correlation was found between attitude and intention to quit (-0.086). The results provide support for the discriminant validity of the scale

Table-1. Descriptive statistics and correlations

Variables	Deviation	Mean	Std.	1	2	3	4
1. Terminal Values	4.5476			1			
2. Instrumental Values	4.4964			0.50604	1		
3. Attitude	4.5216			0.62306	0.249**	1	
4. Intention to quit	1.7670			0.79967	-0.189**	-0.168**	1

Note: n = 462; **correlation is significant at the 0.01 level

A Cronbach's alpha of 0.70 was applied in this research as to retain an item to measure both independent and dependent variables. Table 2 shows that all value for Cronbach alpha exceeds 0.70. Table 3 shows the result of Factor Analysis. Specifically, the table shows that all factors loading ranged 0.686 to 0.925 proving convergent validity. Thus, the achievement of discriminant and convergent validity shows construct validity was also achieved.

Table-2. Cronbach Alpha and item-to-total correlation

Indicator(s)	Cronbach's Alpha	Item-to-total correlation
Terminal Values	0.882	
- TV1		0.697
- TVI2		0.732
- TV3		0.716
- TV4		0.720
- TV5		0.717
Instrumental Values	0.880	
- IV1		0.603
- IV2		0.684
- IV3		0.720
- IV4		0.708
- IV5		0.752
- IV6		0.663
Attitude	0.804	
- Att1		0.536
- Att2		0.546
- Att3		0.620
- Att4		0.641
- Att5		0.601
Intention to quit	0.898	
- Int1		0.782
- Int2		0.830
- Int3		0.782

Table-3. Exploratory Factor Analysis

	1	2	3	4
T1		0.770		
T2		0.713		
T3		0.782		
T4		0.685		
T5		0.732		
I2	0.727			
I3	0.698			
I4	0.723			
I5	0.805			
I6	0.740			
Att1			0.686	
Att2			0.693	
Att3			0.770	
Att4			0.785	
Att5			0.770	
Int1				0.893
Int2				0.925
Int3				0.896

Structural equation modeling was applied to estimate parameters of the structural model. The measurement model (Table 4) was performed before the structural model (Table 5). Specifically, Table 5 shows that only one hypothesis was supported. The structural model provides the fit statistics that indicated a good fit between the model and the data (CMIN/DF = 2.568, GFI = 0.928, CFI = 0.952, RMSEA = 0.058).

Table-4. Confirmatory Factor Analysis

Path	Standardized Regression Weight	CR	Goodness of Fit
T1 ← Terminal Values	0.739		CMIN/DF = 2.514 GFI = 0.935 CFI = 0.957 RMSEA = 0.057
T2 ← Terminal Values	0.796	16.811	
T3 ← Personal Values	0.764	16.113	
T4 ← Personal Values	0.792	16.738	
T5 ← Personal Values	0.777	16.399	
I2 ← Personal Values	0.723		
I3 ← Personal Values	0.766	15.738	
I4 ← Personal Values	0.795	15.315	
I5 ← Personal Values	0.826	16.928	
I6 ← Personal Values	0.702	14.415	
Att1 ← Attitude	0.594		
Att2 ← Attitude	0.625	10.187	
Att3 ← Attitude	0.696	10.921	
Att4 ← Attitude	0.747	11.353	
Att5 ← Attitude	0.698	10.936	
Int1 ← Intention	0.843		
Int2 ← Intention	0.911	23.036	
Int3 ← Intention	0.839	21.476	

Table-5. Parameter Estimates for Structural Paths

Hypotheses	Path	Standardized Regression Weight	CR	Hypotheses Verification
H1	ATT <-- T	0.277	2.181	Yes
H2	ATT <-- I	.011	.086	No
H3	INT <-- ATT	-.088	-1.621	No

Note:

T : terminal values
I : instrumental values
ATT : attitude toward becoming an entrepreneur
INT : entrepreneurial intention

4. Discussion

This research aim to examine the relationship between personal values and attitude, and the relationship between attitude and intention to quit for micro entrepreneurs in Indonesia. The results show that only terminal values that has significant relationship with attitude toward becoming an entrepreneur. Two other hypotheses about relationship between instrumental values and attitude, and the relationship between attitude and intention were not supported by the research data.

The insignificant relationship between instrumental values and attitude toward becoming an entrepreneur can be explained as follows. First, the respondents of this research are micro-entrepreneur. Specifically, these entrepreneurs becoming entrepreneur as a way to survive in their lives. With their limited income, they work hard, diligently, disciplined and even with religious values to survive. But what they do in the work does not affect their attitude toward being a micro entrepreneur. In other words, it can be stated that their way of working (instrumental values) does not affect their attitude to being self-employed. This is because they have to work in any way to survive. Furthermore, many people with low education and less income usually only think about the present life and do not put any emphasis on future life.

The insignificant relationship between attitude and intention to quit as an entrepreneur is can be resulted from the fact that entrepreneurship is the main way to survive in their life. Moreover, the central tendency of respondents' answer in intention to quit as entrepreneur is 1.767 (Table 1), means that they do not agree to quit as entrepreneurs.

4.1. Managerial Implication

Micro Business is one of the backbones of Indonesian economy. History proves, when there was a monetary crisis in 1998 many large businesses that collapsed because of the crisis, micro business still exist and sustain the economic continuation of Indonesia. Micro Enterprises also play a role in expanding employment and providing wider economic services to the community. Thus, coaching and training should continue to be given to micro-entrepreneurs so that they can further becoming small and medium entrepreneurs. In the mentoring and coaching session, an understanding of personal values especially about values in business needs to be given to them to be motivated to strive not only to survive but also to enable them to improve their lives through their works.

5. Conclusions

The purpose of this research is to examine the relationship between personal values, attitude, and intention to quit as entrepreneur. The result shows that terminal values affect people's attitude toward becoming an entrepreneur. This research has certain key limitations. Even though this research applied a large sample, but this research was conducted in limited regions (i.e., Jakarta, Tangerang, and Bandung). Specifically, this research applied non-probability sampling which limit the generalization of the research findings. Second, this research only applied two variables (that is, personal values and attitude) in predicting people's intention to quit as an entrepreneur. More comprehensive research variables would better predict and explain the phenomenon of intention to quit as an entrepreneur.

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