

# Extending the Theory of Planned Behavior in Predicting Intention of International Entrepreneurship: An Empirical Study in Indonesia

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**Keywords:** International Entrepreneurship, Theory of Planned Behavior, Personal Values, Global Mindset, Cultural Intelligence.

**Abstract:** The intention of entrepreneurship is one of the topics of research that has been carried out. However, not much research has focused on international entrepreneurial research. This study fills this gap and further examination by applying the extended theory of planned behavior. Specifically, the theory adds personal values (i.e., religion, democracy, and harmony) as antecedents of attitude. Furthermore, the extended of theory also includes global mindset and cultural intelligence as predictors of intention, in addition to attitudes, subjective norms, and perceived behavioral control as three main predictors of intention in the model of the origins of planned behavioral theories. Data was collected from 250 private university students. Before the data is analyzed using structural equation modeling, reliability and validity tests are carried out first. The results show that four of the eight hypotheses are supported. Discussions, conclusions, limitations, and recommendations for future research are presented in this paper.

## 1 INTRODUCTION

Entrepreneurship is one of the main efforts that can support a country's economy. The importance of entrepreneurship encourages the government to make entrepreneurship as one of the subjects introduced in the world of education from the beginning to college. The introduction of entrepreneurship from an early age aims to instill entrepreneurial spirit into everyday life in order to overcome the world of labor competition and be able to create employment opportunities for themselves.

In connection with research on entrepreneurship, entrepreneurial intentions or the intention to become entrepreneurs is one of the variables that attract many researchers (e.g., Ozaralli & Rivenburg 2016; Sihombing, 2016; Dogan, 2015; Hattab, 2014; Kuttim et al., 2014; Peng et al., 2012; Sihombing, 2012; Campo, 2011; Frazier, 2011; Zain et al., 2010; Turker & Selcuk, 2008; Van Gelderen et al). Not only that, several theories such as the theory of planned behavior (e.g., Tsordia, & Papadimitriou, 2015; Sihombing, 2014; Brannback et al., 2007; Linan and Chen, 2006; Krueger et al., 2000), the theory of self-regulation (e.g., Bendassolli et al. 2016), and theory of trying (e.g., Sihombing, 2011; Brannback et al., 2007) are used as the basis for predicting

entrepreneurial intentions. However, not much research focuses on international entrepreneurial intentions. In fact, technology is recognized as the main factor that makes the world boundless and boundary so that businesses should be able to reach the whole world. Therefore, this research fills a gap in the need for research on the focus of international entrepreneurial intentions. Furthermore, this study uses the framework of the theory of planned behavior by adding variables of personal values, cultural intelligence, and global mindset..

## 2 LITERATURE REVIEW

### International Entrepreneurial.

Entrepreneurial intention or intent in general is defined as a state of mind directing a person's attention, experience and action towards a specific goal, or a path to achieve a business goal. Entrepreneurial action has been linked to "intentional behavior" (Joseph, 2017). International Entrepreneurship (IE) is defined as "the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and service". The concept of Entrepreneurial intentions displays the characteristics

of someone’s attitude, skills, environmental influences and also psychological characteristics (Jie and Harms, 2017).

**Global Mindset.**

As one fairly new concept, there are many definitions of global mindset (Hitt et al., 2007). This paper uses the definition proposed by Hitt et al. (2007, p.3) that global mindset is a set of individual attributes that empower individuals to influence individuals, groups, and organizations originating from various social/cultural/ institutional systems. There are three components that are implied from the definition of global mindset, namely intellectual capital, social capital, and psychological capital. Specifically, intellectual capital refers to the knowledge and ability in understanding different cultural contexts. Social capital, on the other hand, refers to an internal and external relationship with intercultural contexts. Psychological capital consists of individual's positive psychological profile and its personality.

A global mindset is important, especially for entrepreneurs. This is because technology and globalization make the world boundless. However, local culture is still inherent in people in the region, so it is important to understand people from different cultures at the intellectual and emotional level. Culture directs the way we dress, how we communicate, the food we eat, and many other things. Thus, a global mindset will help us to appreciate differences between cultures. Entrepreneurs who have a global mindset are able to see situations from various perspectives and are able to develop trusting relationships with individuals from different cultures, so that good business cooperation can be achieved.

**Cultural Intelligence.**

Cultural intelligence can be defined as one’s capabi-

lity to be successfully adapting in a new culture which is an unfamiliar attribute in term of cultural context (Earley et al., 2007). Cultural Intelligence enables a person to conduct an appropriate behavior in a new/foreign culture. The higher the cultural intelligence that someone has the greater knowledge, motivation, executive efficiency, and experience in conducting international entrepreneurial activities. Furthermore, there are four facets of cultural intelligence: cognitive facet, motivational facet, behavioral facet, and a process facet. Cognitive facet is related to someone's personality, social identity, and social roles. Motivational facet focuses on someone's self-efficacy and motives. Behavioral facet requires action or execution and not just knowledge, thus a higher level of cultural intelligence would have a stronger international entrepreneurial intention. Process facet is related to someone’s capability to store and characterized new experiences (Jie and Harms, 2017).

**Theory of Planned Behavior.**

This theory extends the theory of reasoned action (TRA; Azjen and Fishbein, 1980). In dealing with the limitation from the original model in explaining behaviors over which people have incomplete control, theory of planned behavior is developed (Ajzen, 1991). Hypothetically, this theory proposes that one's action is influenced by behavioral intention which constructed by attitude toward behavior, subjective norm, and perceived behavioral control. (Figure 1). These three aspects, attitude, subjective norms, and perceived behavioral control are defined as follow. Attitude is defined as people’s overall definition of their performing behavior. Subjective norms are related to people’s perception of social pressure when a certain behavior is carried out, as of perceived behavioral control, it’s a person’s expectancy of the

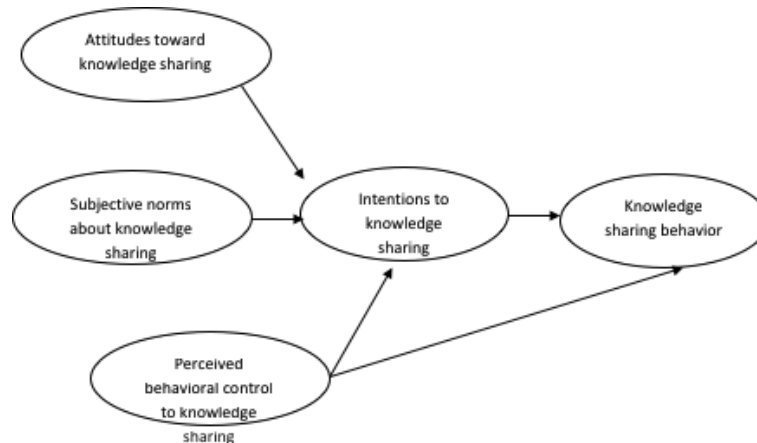


Figure 1: Theory of planned behaviour.

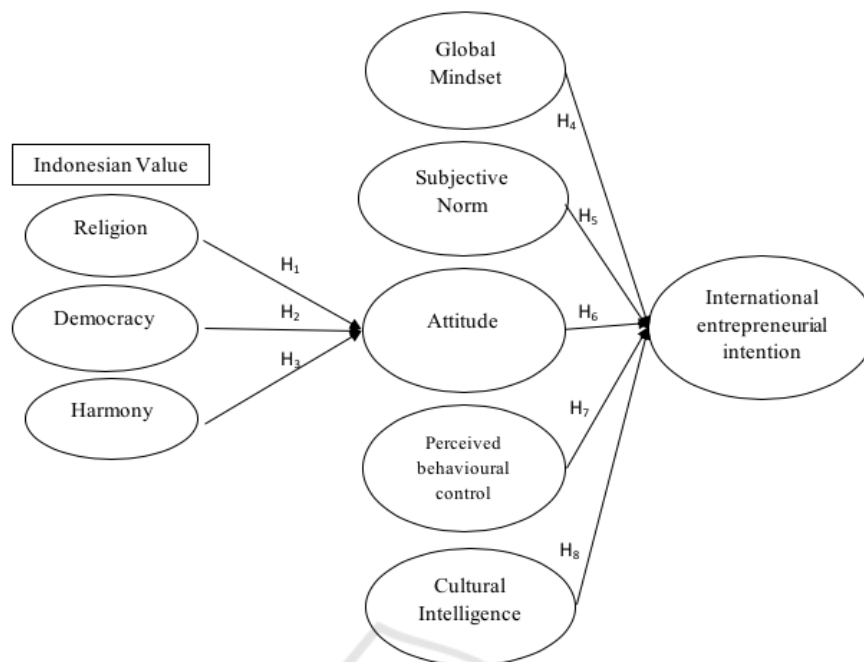


Figure 2: The Research Model.

behavior performed that is within his/her control (Ajzen, 1991).

This research extended theory of planned behavior by adding Indonesian values as antecedent of attitude toward becoming international entrepreneurs. The adding of Indonesian values as a representation of personal values. Values underlie our attitudes; they are the basis for our evaluations (Schwartz, 2012). Furthermore, the value-attitude-behavior hierarchy is proposed by Homer and Kahle (1988). This hierarchy explains that values shape the attitude of someone who then this attitude will be represented in behavior.

### 3 RESEARCH METHODOLOGY

All indicators in this study come from previous studies. Specifically, indicators for international entrepreneurial intentions, attitudes, subjective norms, perceived behavioral controls, and global mindset derived from Jie and Harms (2017). Furthermore, indicators for cultural intelligence were based from Miocevic and Karanovic (2012), and indicators for personal values (i.e. religion, democracy, and harmony) were sourced from Sihombing (2016). Research model can be seen in figure 2.

Table 1: Reliability Analysis.

Variable	Indicator	Cronbach's Alpha	Corrected Item-Total Correlation
International Entrepreneurial Intention	EI1	0.765	0.622
	IEI2		0.622
Attitude	ATT1	0.560	0.389
	ATT2		0.389
Subjective Norm	SNN1	0.793	0.396
	SNN2		0.712
	SNN3		0.607
	SNN4		0.750
Perceived Behavioral Control	PBC1	0.627	0.385
	PBC2		0.440
	PBC3		0.495
Global Mindset	GMM1	0.761	0.516
	GMM2		0.609
	GMM3		0.655
Culture Intelligence	CI1	0.734	0.579
	CI2		0.552
	CI3		0.554
Religion	REG1	0.796	0.634
	REG2		0.715
	REG3		0.602
Democracy	DEM1	0.626	0.457
	DEM2		0.457
Harmony	HAR1	0.871	0.608
	HAR2		0.660
	HAR3		0.719
	HAR4		0.616
	HAR5		0.776
	HAR6		0.657

Table 2: Results of the exploratory factor analysis.

Factors	Items	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Factor7	Factor8	Factor9
International Entrepreneurial Intention	IEI1								0.745	
	IEI2								0.895	
Attitude	ATT1			0.670						
	ATT2			0.736						
Subjective Norm	SNN1	0.384								
	SNN2	0.770								
	SNN3	0.798								
	SNN4	0.862								
Perceived Behavioral Control	PBC1					0.644				
	PBC2					0.371				
	PBC3					0.364				
Global Mindset	GMM1				0.818					
	GMM2				0.551					
	GMM3				0.822					
Culture Intelligence	CI1								0.697	
	CI2								0.745	
	CI3								0.597	
Religion	REG1						0.918			
	REG2						0.912			
	REG3						0.714			
Democracy	DEM1							0.828		
	DEM2							0.809		
Harmony	HAR1	0.813								
	HAR2	0.882								
	HAR3	0.606								
	HAR4	0.846								
	HAR5	0.725								
	HAR6	0.583								

## 4 DISCUSSION AND RESULTS

### 4.1 Result

Data was collected through questionnaires distributed both personally and internet. A total of 250 questionnaires were obtained for further processing. Profile of respondents can be described as follows. More than half of the respondents were male (53%). The age range of respondents is in the range of 19 to 23 years and more than half of respondents are 20 years old (58%). Furthermore, about two-thirds of respondents had entrepreneurial experience (66%). More than half of the respondents (53%) also mastered at least 2 languages. The rest, respondents master more than 2 languages (47%).

After assessing the reliability and validity of all measures, the next step is to examine a hypothesis test. Structural equation modelling is applied to test the structural relationships between variables. The results of structural equation modelling analysis are presented in Table 3 which show that only three of the

seven hypotheses are supported (CMIN/DF = 1.688, GFI = 0.889, CFI = 0.934, TLI = 0.912, RMSEA = 0.053).

Table 3: Structural Relationships.

Path	Standardized Regression Weight	Critical Ratio	Conclusion
Attitude ← Religion	0.447	3.242	supported
Attitude ← Democracy	-0.049	-0.319	not supported
Attitude ← Harmony	0.381	2.658	supported
Intention ← Global mindset	0.723	4.214	supported
Intention ← Subjective norm	0.268	2.035	supported
Intention ← Attitude	-0.044	-0.475	not supported
Intention ← Perceived behavioral control	-0.043	-0.264	not supported
Intention ← Culture intelligence	-0.759	-3.901	not supported (opposite direction)

### 4.2 Discussion

The main objective of this study is to broaden the theory of planned behavior by adding personal values (i.e., religion, democracy, and harmony) as antecedents of attitude. Furthermore, the expansion of theory also includes global mindset and cultural

intelligence as predictors of intention, in addition to attitudes, subjective norms, and perceived behavioral control as three main predictors of intention in the model of the origins of the theory of planned behavior. The results show that four of the eight hypotheses are supported.

Of the 3 variables (namely religion, democracy, and harmony) as representations of the values of Indonesian society and their relationship with attitudes, only the relationship between democracy and attitudes is not significant (H2). Furthermore, three main predictors (i.e. attitudes, subjective norms, and behavioral controls perceived) in the original theory of planned behavior, there are two variables that do not have positive relationship with intention. The two variables are attitude (H6) and perceived behavioral control (H7). Two variables (i.e., global mindset and cultural intelligence) were added as predictors in the theory of planned behavior. The results show that the two additional variables have a significant relationship with the intention of international entrepreneurship. However, the connection between cultural intelligence and the intention of international entrepreneurship has a different direction than that hypothesized so that the hypothesis is not supported (H8).

The insignificant relationship between personal values of democracy and the intention of international entrepreneurship can be explained that democratic values are not the main thing that influences a person's attitude towards international entrepreneurship. However, two other elements in personal value (i.e. religion and harmony) give significant results. This is because Indonesian people are known to be religious communities where believing God is the first principle of the Indonesian nation. Likewise, harmony is believed to be the values adopted by the Indonesian people in social life.

Of the three original predictor variables of intention in the theory of planned behavior, the results show that two predictor variables (i.e. perceived behavioral attitudes and controls) do not have a significant relationship with intention of international entrepreneurship. These results indicate that respondents' intentions for international entrepreneurs are not derived from the respondents' internal factors (i.e. attitude and perceived behavioral control). However, the results show that respondents' intention for international entrepreneurship is influenced by one's perception of the suggestions or pressures of others close to him in order to realize or not realize his intentions.

Two variables were added to the theory of planned behavior as predictors of the intention of international

entrepreneurs. The two variables are global mindset and culture intelligence. The results show that these two variables have a significant relationship with the intention of international entrepreneurs. However, the relationship between culture intelligence and the intention of international entrepreneurs is different from that hypothesized. Specifically, the relationship between the two variables in this study is negative. So that it can be stated the more cultural intelligence that is owned, the more it is not intended for international entrepreneurs. This can be explained as follows. Someone who is able to understand foreign culture does not necessarily want to do business in the area / region / country. This is because the person is able to detect the possibility of a challenge or obstacle that might occur such as bribery behavior that might be common in the area / region / country that can hinder planned business.

## 5 CONCLUSIONS

This study aims to predict international entrepreneurial intentions by applying the extended of the theory of planned behavior. The results show that there four out of eight hypotheses are supported in this research. Specifically, harmony and religion are two significant predictors of attitude toward becoming an entrepreneur. Furthermore, global mindset and subjective norms are two significant antecedents of international entrepreneur intention.

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