IMPACT OF RELIGION ON ENTREPRENEURIAL INTENTION OF UNIVERSITY STUDENTS IN KANO STATE, NIGERIA

Abdullahi, Ahmad Isa¹ & Suleiman, Mustapha Shitu²
¹Department of Business Administration, Northwest University Kano, Nigeria
²Nottingham Trent Business School, Nottingham, UK

isaabdullahigezawa@gmail.com
Mustapha.suleiman2013@my.ntu.ac.uk

Abstract

The purpose of this paper is to investigate the impact of Religion on Entrepreneurial Intention. The study employed the doctrine of the Theory of Max Weber as a foundation from which the conceptual framework was drawn. 450 questionnaires were administered to students in Northwest University Kano and Bayero University Kano of which 380 were completed and returned. Structural Equation Modelling (SEM) was employed and data was analysed using AMOS 21. The empirical results of the study reveal that, religion has a highly significant impact on Entrepreneurial Intention (EI) and sends a signal to authorities seeking solution to poor entrepreneurial attitude of young people especially students/graduates. It was recommended that religious leaders should be involved in the creation on entrepreneurial development framework and consequently the propagation of entrepreneurship as a career path to young people so as to experience a positive change from the status quo.

Keywords: Entrepreneurship, Entrepreneurial Intention, Students, Religion, Kano.

1. INTRODUCTION

The importance of entrepreneurship in economic growth and development, coupled with job creation and poverty alleviation cannot be over-emphasized (Gree & Thurnik 2003). The fact that societies have to increase their share in International Markets or maintain their own National Markets, depend on the existence of human resources with entrepreneurial characteristics to a certain extent. Hence, the need for nations to focus on moulding and equipping potential entrepreneurs, in order to stand out as economically viable amongst other nations (Kalkan & Kaygusuz 2012; Moriano et al. 2011).

The Value Systems of societies provide a code by which individuals belonging to a particular society live, have socially accepted behaviours to the society and are held in high esteem (Kalkan & Kaygusuz 2012). Business value formation is influenced by the socio-cultural and personal background factors which are; age, ethnicity, religion and education of the individual (Alwis & Senathiraja 2003). The moulding of the entrepreneur is found to be deeply rooted in the socio-cultural factors surrounding people in a society. Religion has a particular role it plays in determining whether or not individual(s) in a specific society, with a value system peculiar to it, become an entrepreneur. Social institutions affect the way individuals perceive the role of the entrepreneur and how much individuals desire to become such. The documented richness of entrepreneurial motivations suggests that entrepreneurial behaviour responds to a rich set of cues from the social environment of which
Religion is a component. Entrepreneurs are thus, clearly products of their socio-cultural environment (Licht and Siegel 2006).

It was argued that, governments of various countries across the globe and at various levels in the countries have failed to provide employment opportunities enough to cater for their people. This must have been the reason that gave popularity to the saying “governments alone cannot provide jobs for their citizens and so people should learn to become self-employed” . The poor state of Nigerian economy since 1980 has made it so tough for jobs to be created. This gave birth to the problem of unemployment with about 60% of graduates every year not being able to get employment immediately after graduation from tertiary institutions (Onwuka 2008).

Economic opportunities single-handedly are not sufficient conditions for development to flourish through entrepreneurship. Thus, the situation also requires some favourable socio-cultural factors for entrepreneurship to flourish. This, according to Alwis and Senathiraja (2003) and Azim (2008) magnifies the important role played by religion in the supply of entrepreneurs as it had been found to be clearly one of the fundamental indicators of entrepreneurship globally.

2. LITERATURE REVIEW

2.1 Entrepreneurial Intention

Many scholars are of the opinion that, Entrepreneurial Intention is crucial to understanding of the entrepreneurial process, because it precedes any attempt in entrepreneurial behaviour (Guzman-Alfonso & Guzman-Cuevas 2012). Studies over the years have argued that, Intention has the best explanation of the construct Behaviour compared to other factors like psychological characteristics (Wu & Wu 2008). The knowledge of Entrepreneurial Intention provides an insight to scholars, relating to, what triggers opportunity scanning, sources of ideas for a business venture and how the venture idea could actually be transformed into reality (Krueger et al. 2000).

Fini et al. (2009) stated that, the knowledge of Entrepreneurial Intention widens the horizon of reasoning of individuals to be able to explore widely, for opportunities to exploit and then, how the exploitation of the opportunities discovered could be carried out successfully and with minimum risks. Additionally, Bird (1988) posited that the study of Entrepreneurial Intention is a means through which entrepreneurship research is advanced beyond descriptive studies and helps to facilitate distinction between Entrepreneurial Activities from Strategic Management. Furthermore, the clear difference between being an entrepreneur and a strategic manager is depicted through the study of the intentions of individuals.

The study of relationships between religion, entrepreneurship and economic growth is reported by numerous sources to have recently made it to the limelight (Galbraith & Galbraith 2007). Entrepreneurship models help to provide an explanation of a simple and singular fact, entrepreneurial behaviour, which is preempted by the intention of the individual(s) to develop such behaviour, and that intention is inevitably influenced by variety of factors (Bird 1988; Krueger & Carsrud 1993).

2.2 Entrepreneurship and Religion

Entrepreneurship has no specific religion or culture as it cuts across all religions and also exists in diverse socio-cultural contexts, each of which represents a symbol
of global entrepreneurial behaviour (Valliere 2008). Religion inevitably affects positively, personal values like honesty, perseverance, bravery, foresightedness and general ethical standards (Altinay & Wang 2011). Bwisa and Ndolo (2011) asserted that, religion is one of the factors that determine the basic values and beliefs of people. Hence, religion is vital in determining the extent to which individuals take entrepreneurship as a career or not (Garba et al. 2013).

According to Nikolova and Simroth (2013), adherence to religion and its practices often expose followers to new behavioural pattern, which alters their lifestyle in all its ramifications. Furthermore, Barro and McCleary (2003) stated that, economic growth is highly influenced by religion from the angles of belief, practices, governmental influences etc. The influence that religion exerts on societal and political events often tends to be long term, with continued effects on general entrepreneurial activities (Williamson 2007).

Entrepreneurship as highlighted by Valliere (2008) creates freedom and autonomy and these two factors afford the entrepreneurs the ability to tailor their businesses to explicitly reflect their religious objectives. Religious background of entrepreneurs often influences their decisions some of which involve deciding on who to employ and whom not to (Zahari 1983; Abdullah 1992; Altinay 2008). Modification of societal norms is seen as a direct contribution from religion to the society. A clear example is the belief in reincarnation and a predetermined caste system, which are the main features of the Hindu religion. This means that a faction of the society is naturally truncated and distanced from entrepreneurial activities while pushing it down the throats of others at the same time in the name of family heritage. In essence, there is a discrepancy in the balance of equal opportunity in the society (Williamson 2007).

2.3 Islam and Entrepreneurship

Islam plays a significant role in spelling out the roles that individual member of a family carry out especially in a Muslim community. The responsibility of providing the basic household needs is shouldered on the father who naturally is the head of the family, except in few cases where divorcees, widows or single parents are left to take charge. Naturally, women are assigned domestic works like child rearing, cooking and general house-keeping. Thus, the need for men to have a source of income, either through paid job or self-employment (Gray & Finley-Harvey 2005; Garba et al. 2013). The common practice in Muslim countries is that, the people tend to be fatalist, which means being totally submissive to a Deity and admittance to having no power of control over destiny, except what the Deity has predestined and that nothing can possibly change it, be it good or bad (Welsh & Raven, 2004). Islam insinuates some level of encouragement towards conservative nature. The concept of “halal and haram” meaning “accepted and forbidden” limits the level of entrepreneurial scope (Farid 2007). The interest rate being charged on bank loan is also prohibited in Islam and as such, scares away Muslims from going to banks to borrow money to finance their businesses (Azim 2008). This is detrimental to the Muslims compared to the non-Muslims that are free to obtain loan from banks to finance their businesses (Altinay 2008). Muslim entrepreneurs in Asia have not gained much success in their businesses compared to non-Muslims (Rafik 1992).

If Muslim entrepreneurs face a barrier against their business growth because of the difficulty the religion has in adapting to modern economic policies (Rafiq 1992;
Metcalf et al. (1996). However, Williamson (2007) argued that, religion is a strong factor that could motivate human behaviour beyond expectation. Religious networks could serve as valuable support capable of enhancing discovery of business opportunities to potential entrepreneurs. This means that religion could play a very crucial role if employed in the career choice of individuals. Religious influence on a society affects entrepreneurship directly or indirectly which translates to either motivating potential entrepreneurs or de-motivating them (Nikolova & Simroth 2013).

Even though most religions appear to encourage entrepreneurship, not all religions are such. A study involving Confusianism revealed that while many entrepreneurial qualities were encouraged, other numerous key values like creativity, innovation and flexibility were missing (Kirby & Fan 1995).

2.4 Theory of Max Weber (The Protestant Ethic and the Spirit of Capitalism)

The work was first produced by Max Weber, who was a sociologist, an economist and also a politician in the year 1905 as his Doctoral thesis, but the work did not gain much popularity then because it was only published in Deutsch. In the year 1930, the work came into limelight after being successfully translated into English language by Talcott Parsons (Bwisa & Ndolo 2011).

The theory draws its clues majorly from the philosophy of the Protestant religion, but in generality, it concurs in agreement with the fact that generally, religiosity breeds entrepreneurial mindset and consequently, risk takers. This theory emphatically holds Religion as the driving force of entrepreneurship. The theory further explains that, the entrepreneurs become role performers in line with the expectations of the society; such expectations are purely products of their religious beliefs, taboos and customs. The theory points to religion as the major catalyst of entrepreneurship and emphasizes on the spirit of capitalism which entails economic freedom and enterprise (Weber 1930).

Weber acclaimed that religion encourages all traits that translate into entrepreneurial activities (Bwisa & Ndolo, 2011). Religious values build the need for achievement in individuals based on the premise that, a person’s life is measured by his end result. This means that, whatever a person does in life, finally calculates as part of his positive or negative scores depending on the outcome of the decision taken (Weber 1930; Hagen 1962). One of the components of society is religion and historical evidence has proven that, most religions positively influence towards entrepreneurship. This is evident in most of the globally accepted religions, through their doctrines and ethics of spirituality, where followers are motivated towards working hard to earn a means of survival (Deutschmann 2001; Klay & Lunn 2003).

The Protestant Ethic and the spirit of Capitalism described religion as a bedrock of success in entrepreneurship. The success of individuals in entrepreneurship is often seen as a result of the motivation injected into them by their religion. Convincingly, religion drives individuals into entrepreneurial activities. Religions preach hardwork, being steadfast in doing right, desire to earn more, the power of wealth acquisition etc (Garvey 2003; Lucky 2011).

Evidently, most religious traditions, in one way or the other, address the interplay between entrepreneurship and religion (Weber, 1930). Need for achievement appears to have a strong connection with religion and could eventually breed entrepreneurial intention (Saffu 2003).
Conclusively, the theory points to the fact that, religion ignites some characteristics in individuals which propel them into desiring to achieve more and as such become inquisitive, goal-driven and achievement-oriented. By this, they become much better individuals compared to what they were before in every sphere of life. These attributes are the clear distinctions between an entrepreneurial-minded person and the non-entrepreneurial minded person (Weber 1930; Deutschmann 2001; Klay & Lunn 2003; Garvey 2003).

3. METHODOLOGY

3.1 Sample and Survey Administration

The sample of this study consisted of final year students in the Faculties of Management Sciences of Northwest and Bayero Universities, respectively, in Kano state, Nigeria. The research questionnaire was administered to a random sample of 450 students. The items included in the questionnaire were adapted from Liñán, F. & Chen, Y. W. (2006) and Plante T. G. & Boccaccini, M. T. (1997). Several items were modified in order to suit the needs of this particular research. To enhance the response rate, the questionnaires were delivered by hand to the students and collected by hand on a scheduled pick-up date and venue. Two trained assistants and four filed supervisors were charged with the responsibility of the distribution and collection questionnaire in each university respectively.

A total of 450 questionnaires were distributed and 380 were returned (180 from Northwest University and 200 from Bayero University). The research was conducted from January 5 to February 12 2015.

3.2 Instrument

The questionnaire was used to collect data. A 10 point Likert scale ranging from 1 (strongly disagree) to 10 (strongly agree) was used to measure the responses, in order to meet the objective of determining the impact of Religion on Entrepreneurial Intention of University Students in Kano, Nigeria. A 10 point Likert scale was adopted for the purpose of better measurement precision as postulated by Awang (2012).

3.3 Validity or Research Instrument

The instrument was submitted to a panel of 5 experts in Entrepreneurship in universities Kano and Kaduna states and where asked to review the items in the instrument to determine if the items where within the linguistic capabilities and understanding of the students. Furthermore, the panel was asked to eliminate items found to be of no relevance and make suggestions on how to modify and simplify the items where necessary. After a few modifications and reviews, the experts recommended the use of the modified instrument for the study. In order to ascertain the highest level of reliability, the validated instrument was pre-tested on 50 students from the two Universities to test the validity and reliability of the instrument. Result from the pilot study showed that Religion has a highly significantly impact on Entrepreneurial Intention of University students in Kano, Nigeria. Data was analysed using descriptive analysis, factor analysis and structural equation modeling using AMOS 21.0 statistical software.
3.4 Conceptual Framework

Fig 1: Framework showing direct impact of Religion on Entrepreneurial Intention (Adopted from Weber 1905)

4. DISCUSSION OF RESULTS

4.1 Descriptive Statistics

Out of the 450 questionnaires distributed, 380 were completed appropriately and returned. Therefore only these 380 were used for analysis. Out of the 380 respondents, about 180 (47.4%) were from Northwest University and 200 (52.6%) were from Bayero University. Out of the 380 respondents, 120 (31.6%) were female and 260 (68.4%) were male. According to their Programmes, B.Sc. Accounting were 96 (25.3%), B.Sc. Business Administration were 88 (23.2%), B.Sc. Economics were 125 (32.9), B.Sc. Entrepreneurship were 20 (5.3%) and B.Sc. Geography were 51 (13.4%). In terms of marital status, 330 (86.8%) were single, 44 (11.6%) were married, 2 (0.5%) were divorced and 4 (1.1%) were widow(ers).

4.2 Reliability Test Result

Reliability level for each variable was determined using Cronbach’s Alpha. The alpha value for each variable exceeded 0.7 which is considered acceptable and a signal to proceed with analysis.

Table 1. Value of Cronbach’s Alpha for variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of Items</th>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha based on Standardized items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Intention</td>
<td>4</td>
<td>.849</td>
<td>.848</td>
</tr>
<tr>
<td>Religion</td>
<td>6</td>
<td>.832</td>
<td>.831</td>
</tr>
</tbody>
</table>

Source: researchers’ survey 2015
Table 1 shows that, the Chronbach’s Alpha for each variable exceeds the benchmark of 0.7 and therefore a signal for the researcher to proceed with further analysis.

4.3 Confirmatory Factor Analysis (CFA)

![Fig 2: Amos Graphic depicting CFA before running data]

Fig 2: Amos Graphic depicting CFA before running data

![Fig 3: Amos Graphic depicting EFA after running data and deleting items RE1 and RE2 due to low factor loading]

Fig 3: Amos Graphic depicting EFA after running data and deleting items RE1 and RE2 due to low factor loading
The Path diagram in Fig 3 depicts a deletion of items RE1 and RE2 due to low factor loading in order to improve the measurement model. The following table shows the summary.

Table 2. Summary of Fitness Indexes

<table>
<thead>
<tr>
<th>Name of Index</th>
<th>Index Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>0.056</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>GFI</td>
<td>0.974</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.952</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>CFI</td>
<td>0.984</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>TLI</td>
<td>0.977</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>NFI</td>
<td>0.971</td>
<td>Requirement achieved</td>
</tr>
<tr>
<td>ChiSq/df</td>
<td>2.170</td>
<td>Requirement achieved</td>
</tr>
</tbody>
</table>

Table 2 presents a summary of all the fitness indexes achieved and an indication of the wellness of the measurement model. According to Brown and Cudeck (1993) the Root Mean Square of Error Approximation (RMSEA) should have a value ranging from 0.05 to 0.1. Joreskog and Sorbom (1984) stated that the Goodness of Fit Index (GFI) should have a value of up to 0.90 or above. Tanaka and Huba (1985) asserted that the Adjusted Goodness of Fit Index (AGFI) should range from 0.90 and above. Bentler (1990) stated that the Comparative of Fit Index (CFI) must have a value that is from 0.90 to above for a good fit. Bentler and Bonnet (1980) stated that, for the Tucker-Lewis Index (TLI) to be considered okay, it has to have a value that is up to 0.90 or above. Bollen (1989) stated that for the Normed Fit Index to be considered good, it has to measure up to 0.90 or above. Thus, we can proceed to the next stage because all the requirements here have been met satisfactorily.

4.4 Structural Equation Modeling (SEM)
Fig 4: SEM Path Diagram depicting the results of the measurement model.

Table 3. Regression Weights

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>EI &lt;--- RE</td>
<td>.405</td>
<td>.051</td>
<td>7.896***</td>
<td>par_1</td>
<td></td>
</tr>
<tr>
<td>EI4 &lt;--- EI</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EI3 &lt;--- EI</td>
<td>1.441</td>
<td>.121</td>
<td>11.907***</td>
<td>par_2</td>
<td></td>
</tr>
<tr>
<td>EI2 &lt;--- EI</td>
<td>1.543</td>
<td>.125</td>
<td>12.363***</td>
<td>par_3</td>
<td></td>
</tr>
<tr>
<td>EI1 &lt;--- EI</td>
<td>1.337</td>
<td>.115</td>
<td>11.627***</td>
<td>par_4</td>
<td></td>
</tr>
<tr>
<td>RE3 &lt;--- RE</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RE4 &lt;--- RE</td>
<td>1.003</td>
<td>.075</td>
<td>13.397***</td>
<td>par_5</td>
<td></td>
</tr>
<tr>
<td>RE5 &lt;--- RE</td>
<td>1.126</td>
<td>.079</td>
<td>14.216***</td>
<td>par_6</td>
<td></td>
</tr>
<tr>
<td>RE6 &lt;--- RE</td>
<td>1.241</td>
<td>.086</td>
<td>14.433***</td>
<td>par_7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researchers’ survey 2015

When RE goes up by 1, EI goes up by 0.405. The regression weight estimate, 0.405, has a standard error of about 0.051. Dividing the regression weight estimate by the estimate of its standard error gives; \( z = 0.405/0.051 = 7.896 \).

In other words, the regression weight estimate is 7.896 and standard error above zero. The probability of getting a critical ratio as large as 7.896 in absolute value is less than 0.001. In other words, the regression weight for RE in the prediction of EI is significantly different from zero at the 0.001 level (two-tailed).

Structural Equation Modeling (SEM) using Amos 21 confirmed Religion to have a highly significant impact on Entrepreneurial Intention. This simply means that the more religious an individual is, the more the probability of that individual to take entrepreneurship as a career and vice-versa. This result is similar to the findings of De Noble et al. (2007); Galbraith and Galbraith (2007); Valliere (2008); Roomi (2009) and Garba et al. (2013) where they all found Religion to have a positive impact or relationship with Entrepreneurial Intention.

CONCLUSION
Result of the study confirmed that Religion has a strong and positive influence on Entrepreneurial Intention. This simply means that the more religious an individual is the more likelihood that the individual may embrace entrepreneurship. This is due to the overhauling of the mindset which takes place once religion is embraced and its virtues upheld. This result is also a true reflection of what is practically obtainable in the society under study which is Kano in Nigeria as earlier mentioned. The main religion of the people of Kano is Islam and the main teachings of Islam as postulate by Solaiman and Hillaly (1997) such as faithfulness, perseverance, hard work, focus, foresight etc are attributes of entrepreneurs. In essence, there are similarities between the teachings of the religion of Islam and entrepreneurship. While the former guides towards striving to survive through working hard, perseverance, foresight and
independence (self employment) in order earn a living (create wealth) rather than lean on others (salary jobs), the former labels the aforementioned qualities as what make up an entrepreneur (Azim 2008).

Students are very valuable in societies as they represent the future leaders and Entrepreneurs who will drive the economy in the future. Thus, they must be provided with ample opportunities and encouragement from all spheres of life, most especially the angle of Religion, to take entrepreneurship as a career. This will in turn lead to an entrepreneur driven economy which is the dream of every nation in this era of scarcity of white collar jobs. To achieve this objective, there is the need to involve the Islamic scholars in designing a consolidated entrepreneurship framework in order to make them feel carried along and also use them in the propagation of Entrepreneurship as a solution to the endemic unemployment crisis and civil unrest in Kano state. This is because the Islamic scholars are very significant in societal spiritual affairs and command a great deal of respect from all manner of people in the society. Thus, breeding Entrepreneurs would be made easy and poverty alleviation automatically would be on the high side.

5.1 Validity of the Theory of Max Weber

Based on the result of the analysis, there is a highly significant and positive relationship between Religion and Entrepreneurial Intention. Thus, the study supports the Theory of Max Weber. In essence, the more religious an individual is, the more the likelihood of the individual to become an entrepreneur.

5.2 Recommendations for Future Research

A further research is encouraged in this area to discover the factors responsible for the positive relationship between Religion and Entrepreneurial Intention. The dimensions of Religion should also be clearly spelt out and put to test in order to provide a clear empirical view to the study area.

5.3 Limitations of the Study

This is an exploratory study to determine the impact if religion on entrepreneurial intention amongst students in two higher learning institutions in Kano State, Nigeria, so the findings do not necessarily apply to the whole country and for a comprehensive result to be achieved, Universities from all the six geopolitical zones in the country should be involved in the study to avoid one-sided judgement in drawing up conclusions and generalizations. In addition, the article studied religion as a whole without specifying clearly what components were used in measuring the construct Religion. It will make better the research if there is clarity of components used in measuring the construct in question.

REFERENCES


