

IN SEARCH OF INDONESIAN ENTREPRENEURS' VALUES: A PROPOSED STUDY

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ABSTRACT

Entrepreneurship is one main significant factor that contribute in enhancing economic development for many countries. Specifically, entrepreneurs contribute substantially to job creation, new venture creation, product and service innovation, and many more. Thus, there is a great deal of research interest in entrepreneurship. While extensive research on entrepreneurship have been conducted to explore and examine various factors that influence intention and decision to become an entrepreneur, less attention has been given to understand entrepreneur personal values. On the other hand, the concept of value is one important variable to human life because values influence all aspects of human life. Moreover, values are known as the most defining elements of culture. Therefore, this current study will explore entrepreneurs' values. Specifically, this research aims to explore and identify instrumental and terminal values of Indonesian entrepreneurs. Research method will be designed to address stages in identifying current instrumental and terminal values of Indonesian entrepreneurs. Data analysis will be consistent with procedures for developing scales.

Keywords: values, instrumental, terminal, entrepreneur, Indonesia

INTRODUCTION

Entrepreneurship is one main significant factor that contribute in enhancing economic development for many countries. Specifically, they contribute substantially to job creation, new venture creation, product and service innovation, and many more (Van Praag & Versloot, 2007). Thus, there is a great deal of research interest in entrepreneurship. While extensive research on entrepreneurship have been conducted to explore and examine various factors that influence intention and decision to become an entrepreneur, less attention has been given to understand entrepreneur personal values. Value is defined as a type of belief that guides selection or evaluation of behavior (Schwartz, 1999). The concept of value is one important variable to human life because values influence all aspects of human life. In other words, personal values play a critical role in determining entrepreneurial behavior (Lan et al., 2009; Fritzsche & Oz, 2007; Schwartz, 2006; Rohan, 2000).

The Rokeach Value Survey (RVS) is known as one of value measurement. The RVS was developed by Rokeach (1973) in order to measure two kinds of values: *instrumental* and *terminal*. Terminal values refer to desired end states of existence or ultimate modes of living which have been idealized. This type of values may be self-centered or society-centered.

Another type of values, i.e., instrumental refers to modes of behavior and consist of moral values and competence values (Rokeach, 1973). Though the RVS has been evaluated in many empirical investigations (e.g., Giacomino et al., 2013; Musil et al., 2009; Allen, 1994; Wang et al. 1994), it is recognized that the RVS was developed by Rokeach in western context. On the other hand, different cultures reflect values differently (Evans et al., 2009). Moreover, Rokeach's work is claimed as out-of-date because it was developed in 1968-1973. Yet, society and people values are changing gradually (Blackwell et al., 2007; Arnett, 2002) as impacted by several factors such as globalization (Swadzba, 2011; Hawkins & Mothersbaugh, 2010), political change (Lee, 2003), economic development (Tibbs, 2011), and technology (Swadzba, 2011). Therefore, this research aims to explore and identify current instrumental and terminal values of Indonesian entrepreneurs.

LITERATURE REVIEW

Values

There are many definitions of values (Lan et al., 2008; Lombaert, 2003). Some people relate values with marketing such as the term “values of money” and “consumer value” (Zetterberg, 1998). According to Rokeach (1973,p.5),a value is defined as an enduring belief that a specific mode of conduct or endstate of existence. Furthermore, Rokeach pointed out that values are prescriptive beliefs that they are “abstract ideals” which represent a person’s conception of the the desirable. In harmony with Rokeach’s definition of value, McGregor (2000, p. 94) defines values as mental pictures of important needs and goals and affect how one thinks about and sees oneself, what one wants out of life and what one is willing to trade off to get something in return. Researchers shows that personal values are people beliefs that are intrinsic and lasting in an individual’s life (e.g., Fries et al., 2007; Lages & Fernandes, 2005). There are five features of values are as follows. First, values are beliefs. Second, those beliefs lead to desirable behavior and/or end states. Third, values go beyond specific situations. Fourth, values explain why people select or evaluate events and behavior. Fifth, values are ordered by a certain hierarchical importance (Grunert & Scherhorn, 1990 cited by Wang et al., 1994).

Instrumental and Terminal Values

The Rokeach Value Survey (RVS) is known as one value measurement in social science. It was developed by Rokeach (1968, 1973) in order to measure two kinds of values: instrumental and terminal (Table 1). Terminal values refer to desired end states of existence or ultimate modes of living which have been idealized. This typeof values may be self-centered or society-centered. Another type of values, i.e., instrumental refers to modes of behavior and consist of moral values and competence values (Rokeach, 1973). To be able to understand respondents’ instrumental and terminal values, they are asked to rank order each value as to its importance in their daily life.

Table 1. Instrumental and Terminal Values

Instrumental values:	Terminal values:
A Comfortable Life (Prosperous Life)	Ambitious (Hardworking, Aspiring)
Equality (Brotherhood & Equal Opportunity)	Broad-minded (Open-minded)
An Exciting Life (Stimulating, Active Life)	Capable (Competent; effective)
Family Security (Taking care of loved ones)	Clean (Neat and tidy)
Freedom (Independence and free choice)	Courageous (Standing up for your beliefs)
Health (Physical and mental well-being)	Forgiving (Willing to pardon others)
Inner Harmony (Freedom from inner conflict)	Helpful (Working for the welfare of others)
Mature Love (Sexual and spiritual intimacy)	Honest (Sincere and truthful)
National Security (Protection from attack)	Imaginative (Daring and creative)

Pleasure (An enjoyable, leisure life) Salvation (Saved; eternal life) Self-respect A Sense of Accomplishment (lasting contribution) Social Recognition (Respect and admiration) True Friendship (Close companionship) Wisdom (A mature understanding of Life) A World at Peace (World free of war and conflict) A World of Beauty (Beauty of nature and the arts)	Independent (Self-reliant; self-sufficient) Intellectual (Intelligent and reflective) Logical (Consistent; rational) Loving (Affectionate and tender) Loyal (Faithful to friends or the group) Obedient (Dutiful; respectful) Polite (Courteous and well-mannered) Responsible (Dependable and reliable) Self-controlled (Restrained; self-disciplined)
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Source: Rokeach (1973)

The RVS has been evaluated in many empirical investigations (e.g., Iskra & Moskvicheva, 2014; Quyen et al., 2014; Giacomino et al., 2013; Wang et al. 1994). In its original format, the RVS requires subjects to rank each value in the list terminal and instrumental values. However, this procedure results in one main limitation of the RVS., that is, respondents are forced to rank all values to its importance as their guiding principle of their life (Wang et al., 1994). To overcome that limitation, a modified interval Likert-type scale is frequently employed (e.g., Giacomino et al., 2013; Raboteg- Šarić et al., 1997; Wang et al.1994). With this modification, the survey is becoming easy to employ and requires less time to complete.

Values and entrepreneurship

Why some countries produce more entrepreneurs? Researchers have focused on cultural values in order to answer that question. Since values guide people to behave, thus personal values guide people in their decision to become entrepreneur or their entrepreneurship activities. Moreover, values that held by entrepreneurs have implications for the entrepreneur such as how to start new ventures, how to create and manage the ventures. Researches have acknowledged the influences of personal values toward entrepreneurship (Jakubczak & Rakowska, 2014; Anchorena & Ronconi, 2012; Halis et al., 2007; Morris et al., 2002).

Value is known as one core element of culture (Yuan & Dong, 2006). Therefore, different cultures will provide different values (Evans *et al.*, 2009; Yuan & Dong, 2006). For instance, Western values tend to hold an independent view of the self whereas non-western values are more interdependent which stresses on connectedness and relationship (Evans *et al.*, 2009). Table 2 provides values differences for several countries.

Table 2. Values differences in several countries

Country	Values
America*	Achievement and success, Activity, Efficiency and practicality, Progress, Material comfort, Individualism, Freedom, External conformity, Humanitarianism, Youthfulness, Fitness and health.
Australia**	Respect for democracy, A strong sense of justice, A sense of fairness, Tolerance, Care for others, A powerful sense of egalitarianism, A less selfish society, Freedom of self-determination

China***	Guanxi, Importance of face, Thrift, Family and group orientation, Aversion to law, Respect for etiquette, age and hierarchy, Long-term orientation, Traditional creeds.
Thailand****	Ego orientation, Grateful relationship orientation, Smooth interpersonal relation orientation, Flexibility adjustment orientation, Religiosity orientation, Education competence orientation, Interdependence orientation, Fun-leisure orientation, Achievement-task orientation.
Malaysia****	Valuing time, Perseverance, Pleasure of working, Dignity of simplicity, Character, Kindness, Influence of examples, Obligation of duty, Wisdom of economy, Patience, Improvement of talent, Joy of originating.
Indonesia*****	mutual assistance, democracy, religion, harmony, hospitality, religious fanaticism, and individualism.

Sources: *Schiffman and Kanuk (2010), ** Blackwell et al. (2006), *** Faure & Fang (2008), ****Sian et al. (2007),**** Komin (1995, in Rachman, 2007),*****Sihombing (2013)

RESEARCH METHODS

There will be five stages in identifying current instrumental and terminal values of Indonesian entrepreneurs. Data analysis will be consistent with procedures for developing scales (e.g., Sihombing & Pongtuluran, 2011; Verbeke, 2007; Parasuraman et al., 2005; Adcock & Collier, 2001; Churchill, 1979).

Stage 1 - Exploratory Research and Item Generation

Based on literature review, an open-ended questionnaire will be developed to explore instrumental and terminal of entrepreneurs' values. Furthermore, frequently-mentioned values will be converted into items in order to obtain the baseline pool of value items. Another source for item generation was instrumental and terminal values developed by Rokeach (1973). Item generations in this stage can be stated as the most important part in developing measurement (Hinkin, 1995). A combination of deductive and inductive approach will be applied to generate items. Furthermore, expert judges will be used in this research in order to enhance the items pool of value statement (Diamantopoulos, 2005). Expert judges that will be chosen should have expertise in the research area (i.e. expert knowledge of the topic). Expert judges will be asked whether items in the list of value items are representing frequently mentioned value statements. When frequently-mentioned values are converted into items, several bias types such as double-barrelled, ambiguous, leading, and other bias items will be eliminated in initial screening. Expert judges will also assess content validity of all value items.

Stage 2 – Questionnaire design

Likert-type scale will be used in this research. Respondents will be asked the degree to which s(he) agrees with a statement: strongly agree, agree, neutral, disagree, or strongly disagree. General instructions will be located at the top of the page. This research will also apply a pilot study prior to administering the questionnaire to a sample of respondents in order to establish content validity. In order words, a pilot study will ensure questionnaire clarity and question wording. A pilot study will involve 10 respondents and invite them to comment on the questions

and wordings. The comments of these 10 individuals then will provide for revisions to the questionnaire.

Stage 3 - Data collection and sample

Data will be collected through closed-ended questionnaires. A sample size of 500 will be established in this research. A purposive design sampling will be employed. Two main criterias are: (1) respondents should have been at least one year in become an small or medium venture entrepreneurs, and (2) respondents live in cities of Tangerang and Jakarta. Personal interviews will be applied to ensure the respondents can fill-in the questionnaires. This method is also chosen since data collection through personal interviews will yield higher response rates than personally-administered questionnaire.

Stage 4 – Item reduction

Item reduction will be performed by item-to-total correlations and principal components exploratory factor analysis. Items will be dropped when item-to-total correlations are less than 0.50. Then, the remaining items will be factor analyzed. Exploratory factor analysis with varimax rotation using the criterion of eigenvalues greater than one will be applied in order to perform value items.

Stage 5 – Scale validation

A total of 500 respondent will be included to validate the scale. The fundamental criteria of good measures (i.e., reliability, dimensionality, and validity) will be applied in this research. Reliability analysis will be first conducted. Specifically, examination of coefficient alpha and item-to-total correlation will be conducted to delete items whose elimination improved reliability coefficient alpha. Then, exploratory factor analysis (EFA) will be performed to determine the number of underlying dimensions from a data (Hair et al., 2006). Moreover, all items revealed by the analysis will be preceded through confirmatory factor analysis (CFA) as a confirmatory perspective.

CONCLUSION

This research aims to identify current instrumental and terminal values of Indonesian entrepreneurs. From a theoretical point of view, the results of this study give contributions to the understanding of entrepreneur's values, specifically instrumental and terminal values. Terminal values shows the objectives of the life of a person, that is, the ultimate things the person wants to achieve in life whereas instrumental values indicate the methods an individual would like to adopt to obtain his life's aim. Since not many studies focus on instrumental and terminal values of entrepreneurs, this research will give contribution in identifying those values, especially in Indonesian context. From a practical point of view, the understanding of Indonesian entrepreneurs' personal values will contribute social science researchers and practitioners to understand Indonesian entrepreneurs beliefs that guide them to desired end states of and their beliefs as modes of behavior that consist of moral values and competence values. This understanding will support Indonesian government in encouraging and developing entrepreneurs.

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