

THE IMPACT OF VALUES, IDENTITY AND PERSONAL NORMS ON THE ENTREPRENEURIAL INTENTION OF ECONOMIC DEPARTMENT STUDENTS

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Abstract

Entrepreneurial intention among university students has become an increasingly important focus in economic and educational research, particularly as nations emphasize innovation and self-employment for sustainable growth. This study investigates the influence of personal values, self-identity, and personal norms on the entrepreneurial intention of Economics Department students at a public university in Indonesia. Drawing on the Theory of Planned Behavior and the Norm Activation Model, this explanatory research employed a quantitative survey design using a structured questionnaire distributed to 210 undergraduate students. Structural Equation Modeling (SEM) was applied to test the hypothesized relationships between the constructs. The findings indicate that personal values significantly influence both identity and personal norms, which in turn have a strong positive effect on entrepreneurial intention. Notably, identity emerged as a mediating factor, enhancing the explanatory power of personal values. This study contributes to the literature by integrating psychological and sociocultural dimensions into entrepreneurial intention modeling. Practical implications include the need for entrepreneurship education that reinforces value-driven identity formation and norm activation to foster entrepreneurial mindsets among students. Recommendations for future research and curriculum policy are also discussed.

Keywords: Entrepreneurial Intention; Values; Identity; Personal Norms; Economics Education; Structural Equation Modeling

1 INTRODUCTION

In the evolving global economy, entrepreneurship is increasingly recognized as a vital engine for innovation, economic resilience, and employment generation (OECD, 2022). For many developing countries, including Indonesia, fostering entrepreneurial intention among university students has become a national priority to reduce youth unemployment and catalyze sustainable development (BPS, 2023). As a result, higher education institutions have begun to reframe their economic curricula to include not only technical business competencies but also psychosocial enablers of entrepreneurship.

The study of entrepreneurial intention defined as an individual's commitment to start a new business venture has gained traction in recent years, with scholars examining a range of cognitive, social, and cultural predictors (Krueger et al., 2000; Liñán & Chen, 2009). Among these, personal values, identity, and personal norms are emerging as powerful yet understudied factors influencing entrepreneurial behavior. These constructs are particularly salient in collectivist societies like Indonesia, where social expectations and internalized moral obligations can play a crucial role in decision-making (Triandis, 1995).

Despite growing recognition of the role of these psychological dimensions, few studies have holistically examined how values, identity, and personal norms interact to shape entrepreneurial intention, especially in the context of economics students. While the Theory of Planned Behavior (Ajzen, 1991) has dominated entrepreneurship research, recent work has emphasized the need to integrate sociopsychological models such as the Norm Activation Model

(Schwartz, 1977) and identity theory (Stets & Burke, 2000) to capture the full complexity of entrepreneurial motivation.

This study fills a significant gap by exploring how values, identity, and personal norms contribute to entrepreneurial intention among students enrolled in the Economics Department at a major Indonesian university. In doing so, it proposes an explanatory model that integrates affective and normative dimensions into established intention-based frameworks. By adopting a structural equation modeling approach, the study seeks to uncover both direct and mediating relationships among the constructs.

The significance of this research is threefold. First, it provides empirical insight into the psychological precursors of entrepreneurship in a non-Western, collectivist setting. Second, it offers theoretical integration across behavioral and normative models. Third, it delivers practical implications for the design of entrepreneurship education that aligns with students' moral beliefs and evolving identities.

To achieve these objectives, this study addresses the following research questions:

RQ1. To what extent do values, identity, and personal norms predict entrepreneurial intention among Economics Department students?

RQ2. How do identity and personal norms mediate the relationship between personal values and entrepreneurial intention?

2 LITERATURE REVIEW

Entrepreneurial intention refers to the cognitive state that precedes and predicts entrepreneurial behavior (Bird, 1988; Krueger et al., 2000). It is generally conceptualized as the personal commitment or plan to start a business venture in the future. Intention-based models have been widely employed to explain entrepreneurial activity, with the Theory of Planned Behavior (TPB) by Ajzen (1991) being the most prominent. According to TPB, entrepreneurial intention is influenced by three primary factors: attitude toward the behavior, subjective norms, and perceived behavioral control. However, TPB alone may not capture the cultural and normative forces that shape entrepreneurial tendencies in collectivist societies like Indonesia.

Personal values are enduring beliefs about what is desirable or morally important (Schwartz, 1992). They serve as guiding principles in individuals' lives and influence decision-making processes, including those related to career and entrepreneurship. Research has shown that values such as achievement, independence, and self-direction are positively associated with entrepreneurial orientation (Fayolle et al., 2014; Karimi et al., 2017). In the Indonesian context, where societal values are deeply rooted in collectivism and religiosity, the internalization of values plays a critical role in shaping students' aspirations and willingness to engage in entrepreneurship.

Identity refers to the way individuals see themselves in relation to particular social roles or future selves (Oyserman, 2009). Entrepreneurial identity, in particular, has been found to significantly influence the intention to start a business (Hoang & Gimeno, 2010). Identity theory posits that when individuals internalize a certain role such as that of an entrepreneur it becomes a motivating force for action (Stets & Burke, 2000). Among students, the formation of an entrepreneurial identity may occur during critical periods of academic and social development. When values align with this identity, the intention to act entrepreneurially becomes more salient.

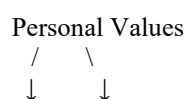
Personal norms represent an individual's internal moral obligations or perceived duties to act in a certain way (Schwartz, 1977). Unlike subjective norms, which are externally imposed, personal norms are self-imposed and driven by ethical standards. The Norm Activation Model (NAM) suggests that when individuals recognize the personal relevance and moral weight of a situation, they are more likely to take action. In entrepreneurship, personal norms may manifest as a sense of responsibility to contribute economically or to create jobs for others, especially in collectivist societies (Yıldırım & İlhan, 2021).

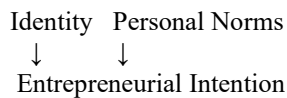
This study draws upon an integrated theoretical framework that combines TPB with elements from identity theory and NAM. The proposed model hypothesizes that:

- H1: Personal values positively influence identity.
- H2: Personal values positively influence personal norms.
- H3: Identity positively influences entrepreneurial intention.
- H4: Personal norms positively influence entrepreneurial intention.
- H5: Identity and personal norms mediate the relationship between values and entrepreneurial intention.

2.6 Conceptual Framework

The figure below illustrates the conceptual model guiding this study.





3 METHODOLOGY

This study employed a quantitative, explanatory research design to investigate the relationships among values, identity, personal norms, and entrepreneurial intention. A survey method was adopted to collect data, allowing for the analysis of patterns and associations across a large sample of students in the Economics Department. Structural Equation Modeling (SEM) using Partial Least Squares (PLS-SEM) was employed as the analytical technique due to its suitability for testing complex mediation models and its robustness with moderately sized samples.

The participants in this study were 210 undergraduate students enrolled in the Economics Department at a public university in Indonesia. The selection of respondents was based on purposive sampling, targeting students in their third and fourth years who had completed at least one course related to entrepreneurship or business ethics. This group was selected based on the assumption that they would possess both awareness and internal reflections regarding entrepreneurial values and career planning.

The demographic distribution included 56% female and 44% male students, with an average age of 21.3 years ($SD = 1.2$). Most students came from middle-income backgrounds and reported some degree of exposure to entrepreneurial role models, either through family or academic activities.

Data were collected using a structured questionnaire composed of five sections: demographic profile, personal values, identity, personal norms, and entrepreneurial intention. All items were measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

- Personal Values were measured using a modified version of Schwartz's (1992) value inventory, including items related to achievement, self-direction, and responsibility.
- Identity was measured using an adapted scale from Stets and Burke (2000), focusing on the degree to which students identify with the entrepreneurial role.
- Personal Norms were assessed based on items adapted from the Norm Activation Model (Schwartz, 1977), which gauge feelings of moral obligation related to entrepreneurship.
- Entrepreneurial Intention was measured using items adapted from Liñán and Chen (2009), which have been widely validated in entrepreneurship studies.

All instruments underwent expert validation by two academic reviewers in economics education and psychology to ensure content validity. A pilot test with 30 students was also conducted to confirm clarity and reliability of the questionnaire items.

Reliability was assessed using Cronbach's alpha and composite reliability (CR). All constructs exceeded the acceptable threshold of 0.70, indicating internal consistency. Convergent validity was evaluated through Average Variance Extracted (AVE), with all values exceeding 0.50. Discriminant validity was established using the Fornell-Larcker criterion and HTMT ratio, confirming the distinctiveness of the constructs.

The data collection took place over a two-week period in March 2025. The questionnaire was distributed in both digital and printed formats to accommodate students' preferences and accessibility. Participation was voluntary, and informed consent was obtained from all respondents. Anonymity and confidentiality were maintained throughout the process.

Data were analyzed using SmartPLS 4.0. The analysis consisted of two main stages: (1) the assessment of the measurement model to ensure construct validity and reliability; and (2) the structural model analysis to test the hypothesized relationships, including path coefficients, R^2 values, effect sizes (f^2), and mediation effects. The significance of the path coefficients was determined through a bootstrapping procedure with 5,000 resamples.

4 FINDINGS AND DISCUSSION

A total of 210 valid responses were collected and analyzed. The mean score for entrepreneurial intention was 4.01 ($SD = 0.72$), indicating a generally high level of intention among students. Personal values had a mean of 4.21 ($SD = 0.68$), identity scored a mean of 3.95 ($SD = 0.73$), and personal norms had a mean of 3.88 ($SD = 0.76$). Initial examination suggests that students strongly identify with entrepreneurial values and exhibit a moderate to high sense of internalized moral responsibility toward entrepreneurship.

Reliability and validity of all constructs were confirmed. Cronbach's alpha and composite reliability (CR) values for all latent variables exceeded 0.70, with AVE values above 0.50. Discriminant validity was also established, as each construct's square root of AVE was greater than its inter-construct correlations.

Construct	CR	AVE	Cronbach's α
Personal Values	0.88	0.62	0.84
Identity	0.90	0.68	0.87
Personal Norms	0.86	0.60	0.82
Entrepreneurial Intention	0.91	0.71	0.89

The structural model was evaluated using bootstrapping (5,000 samples), and all hypothesized relationships were found to be statistically significant. The R^2 value for entrepreneurial intention was 0.52, indicating that 52% of the variance in entrepreneurial intention could be explained by the model.

Hypothesis	Path	β	t-value	p-value	Result
H1	Personal Values $\rightarrow$ Identity		0.63	11.24	<0.001 Supported
H2	Personal Values $\rightarrow$ Personal Norms	0.54	8.79	<0.001	Supported
H3	Identity $\rightarrow$ Entrepreneurial Intention	0.45	7.13	<0.001	Supported
H4	Personal Norms $\rightarrow$ Entrepreneurial Intention	0.37	6.02	<0.001	Supported
H5	Values $\rightarrow$ Identity/Norms $\rightarrow$ Intention (Mediation)				Indirect effects significant

Mediation effects were tested using the bootstrapped indirect effect. Both identity and personal norms were found to partially mediate the relationship between personal values and entrepreneurial intention.

- Indirect effect via identity: $\beta = 0.28$, $t = 5.93$, $p < 0.001$
- Indirect effect via personal norms: $\beta = 0.20$, $t = 4.47$, $p < 0.001$

These results suggest that personal values foster entrepreneurial intention both directly and indirectly through their impact on students' self-identification and internal moral obligation.

DISCUSSION

The findings provide robust empirical support for the hypothesized model. First, personal values were shown to significantly influence both identity and personal norms, consistent with prior studies emphasizing the role of values in entrepreneurial cognition (Karimi et al., 2017; Schwartz, 1992). Students who placed importance on achievement, autonomy, and responsibility were more likely to perceive themselves as potential entrepreneurs and feel morally obligated to pursue such a path.

Second, identity played a critical role in shaping intention. This finding aligns with identity theory (Stets & Burke, 2000) and recent entrepreneurial literature that links self-concept to entrepreneurial commitment (Hoang & Gimeno, 2010). Students who internalized an entrepreneurial identity demonstrated stronger intentions, suggesting that identity acts as a motivational mechanism.

Third, personal norms also emerged as a significant predictor. In collectivist cultures like Indonesia, where moral obligations and social contribution are emphasized, students often frame entrepreneurship as not only a personal ambition but also a social responsibility. This validates the inclusion of the Norm Activation Model in the proposed framework.

Finally, the relatively high explanatory power ($R^2 = 0.52$) suggests that the integration of values, identity, and norms offers a more comprehensive understanding of entrepreneurial intention than models relying solely on attitudes and perceived behavioral control.

The findings from this study have several practical implications for educators, curriculum designers, and policy-makers in higher education. First, entrepreneurship education should go beyond technical training and business planning. There is a clear need to incorporate modules that nurture personal values such as responsibility, autonomy, and achievement, which serve as foundational drivers of entrepreneurial identity and intention. Embedding ethical reasoning and social responsibility within entrepreneurship curricula can also activate personal norms, aligning students' internal motivations with entrepreneurial behaviors.

Second, identity development should be treated as a pedagogical priority. Entrepreneurship programs should provide experiential learning opportunities such as business simulations, community engagement projects, and mentorship programs that allow students to envision and internalize the entrepreneurial role. Facilitating this identity shift can enhance students' long-term commitment to entrepreneurial careers.

Third, institutions must recognize the cultural and psychological dimensions of entrepreneurship. Particularly in collectivist contexts like Indonesia, students' intentions are closely tied to their sense of moral obligation and social contribution. Thus, educational environments should foster not only innovation and competitiveness but also communal values and ethical leadership.

The study contributes to entrepreneurship literature by integrating the Theory of Planned Behavior with Identity Theory and the Norm Activation Model. While previous models have focused predominantly on attitude and perceived control, this research highlights how values-based identity and internalized moral norms are also critical antecedents of entrepreneurial intention. The proposed model offers a more culturally grounded and psychologically nuanced explanation for why students choose to pursue entrepreneurship.

Moreover, the mediation findings offer empirical validation for the mechanism through which personal values exert influence: not simply as isolated traits, but as active shapers of identity and moral frameworks. This aligns with growing calls in the literature to incorporate affective and normative dimensions into entrepreneurial intention research.

This study is limited by its cross-sectional design and reliance on self-reported data, which may introduce biases. Future research should consider longitudinal designs to assess how values and identity evolve over time and influence actual entrepreneurial behavior. Additionally, qualitative studies could enrich understanding of how cultural narratives shape students' perceptions of entrepreneurship.

Further exploration is also needed across diverse student populations and institutional contexts. Comparative studies between disciplines (e.g., economics vs. engineering) or regions (e.g., rural vs. urban universities) could reveal important moderating variables in the intention formation process.

This explanatory study confirms that personal values, identity, and personal norms significantly influence the entrepreneurial intention of Economics Department students in Indonesia. By integrating cognitive, affective, and normative elements, the study proposes a holistic model that captures both individual agency and socio-cultural embeddedness in entrepreneurial motivation.

In doing so, it reinforces the idea that entrepreneurship is not merely a skillset or economic activity, but a deeply personal and ethical endeavor. Educators and policymakers should therefore invest in value-driven, identity-forming, and ethically conscious entrepreneurship education to cultivate the next generation of socially responsible entrepreneurs.

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