



UNIVERSITETET I AGDER

# **Religious diversity and entrepreneurial intentions: A macro-level analysis**

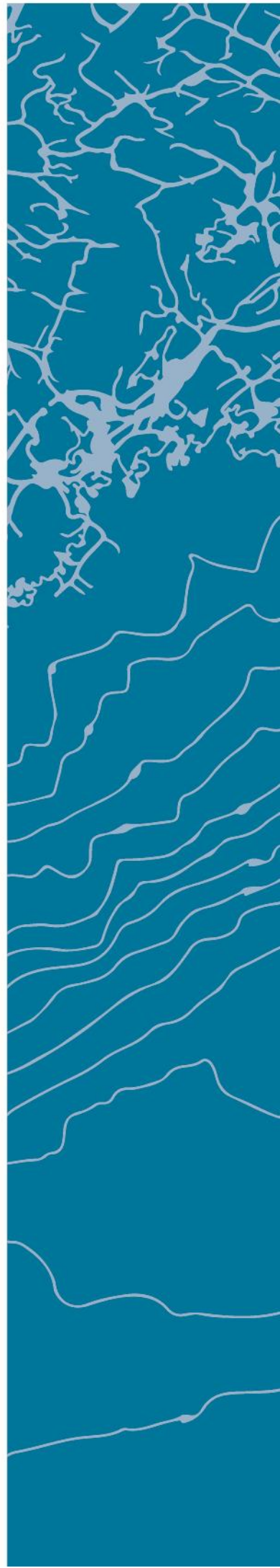
DISSANAYAKEMUDIYANSELAGE RANJANI  
DEEPIKA

SUPERVISOR

Stine Øyna

**University of Agder, [2017]**

School of Business and Law at UIA



## **Acknowledgements**

Special thanks go to my supervisor, Ms. Stine Øyna for her assistance and involvement during this thesis. I was always welcome to clarify my concerns with her regarding the thesis. I might not have achieved my maximum potential unless for her kind cooperation. I walked along the way to success under the shade of her continuous guidance and motivations.

I would like to pay my gratitude towards my son, husband and parents for staying behind me in every movement in my life and their limitless sacrifices.

Then I would like to give my sincere thanks to all my colleagues in Faculty of Management and Finance, University of Ruhuna who helped me to succeed in this course.

## **Religious diversity and entrepreneurial intentions: A macro-level analysis**

### **Abstract**

Globally increase of diverse societies lead for a growing body of research to investigate how it affect for the economic behaviour of individuals. Religious diversity is one of the category of cultural diversity which might change the belief systems of individuals and thus it affects for intentions to start a business. Increase in diversity in most of the nations in the world, it is timely to study how diversity affect for entrepreneurship. This study focused on analysing the relationship between religious diversity and entrepreneurial intentions. With a macro level analysis, the study aimed at identifying the impact of religious diversity on entrepreneurial intentions and moderating role of national culture. A quantitative research approach was used in the study and secondary data was collected from Global Entrepreneurship Monitor, Association of Religious Data Archives and Hofstede's cultural index. Multiple regression analysis was used for data analysis and SPSS was used for analysing package. The study found support for a negative relationship between religious diversity and entrepreneurial intention, but it was unsuccessful in determining moderation of culture. Consequently, people in more religiously diverse societies seems to be less entrepreneurial than people in less diverse societies, regardless of cultural impact.

Key words: Entrepreneurial intention, Religion, Religious diversity, Culture

Contents

- 1. Introduction.....5
  - 1.1 Problem Statement .....5
  - 1.2 Justification of the Study .....6
  - 1.3 Chapter Outline .....8
- 2. Theoretical Framework .....9
- 3. Literature review ..... 13
  - 3.1 Entrepreneurship ..... 13
  - 3.2 Entrepreneurial Intention..... 13
  - 3.3 Religion..... 14
  - 3.4 Religion and Entrepreneurship ..... 14
  - 3.5 Religious diversity and entrepreneurial intentions ..... 16
  - 3.6 Culture and Entrepreneurship ..... 20
  - 3.7 Religion, culture and entrepreneurial intentions ..... 22
- 4. Methodology..... 27
  - 4.1. Sample and data..... 27
  - 4.2 Research Design..... 28
  - 4.3 Measurements..... 28
    - 4.3.1 Independent Variable-Religious diversity..... 28
    - 4.3.2 Dependent Variable- Entrepreneurial Intention ..... 29
    - 4.3.3. Moderating Variable- Culture ..... 30
    - 4.3.4. Control variables:..... 31
  - 4.4 Analysis..... 31
- 5. Results ..... 33
  - 5.1 Descriptive Statistics..... 33
  - 5.2 Hypothesis testing..... 35
    - 5.2.1The relationship between religious diversity and entrepreneurial intentions ..... 35
    - 5.2.2 The moderating effect of culture in the relationship between religious diversity and entrepreneurial intentions ..... 37
- 6. Discussion and Conclusion ..... 40
  - Limitations of the study ..... 43
- References..... 45
- APPENDIX..... 49

## **1. Introduction**

This chapter consists of the introduction to the study, problem definition, justification of the study.

There is a growing general agreement that religion affect for the social and economic outcomes. Entrepreneurship is the one of the major avenue for reaching economic development goals of a country which generate numerous financial and social benefits. Entrepreneurship is value based phenomena which can be affected from the individual value orientations such as religion (Balog et al ,2014). Religiosity has a potential effect for different areas of human life of cause in the aspect of business formation. Religion may assist individuals to create social networks through the trust created from their individual religious beliefs which is important for the creating connection between established entrepreneurs and nascent entrepreneurs (Henley, 2016). In a society, these social arrangements will encourage individuals to engage in entrepreneurial behaviour based on the motivations from their social group. Accordingly, when studying about entrepreneurship and its impact for the economic development, it is important to study how the social arrangements such as religion will affect for entrepreneurial behaviour.

Since the religion affect for the beliefs system of people in the society, it will affect for the intentions regarding the entrepreneurship. The existence of different religions in the world creates religious diversity in the society. Thus, this diversity matter is a fact to consider business environment where the entrepreneurs should think about the different demands of different religions. Diversity based on religion, language, ethnicity has been spreading among all most all the nations due to immigration or globalization. Accordingly, it is time to study about the different aspects of religious diversity and identify the changes in social lives.

### **1.1 Problem Statement**

Relationship between religion and entrepreneurship is one of the themes of research among the studies of culture and entrepreneurship which is widely being addressing for the last decades. Researchers have explored different cultural variables and their relationship on entrepreneurial behaviour and outcome. The relationship between religion and entrepreneurship is not a direct and explicit (Simroth and Nikolova, 2015), but rather religion affect for the cultural value system which in turn have the relationship for entrepreneurial activity (Dana, 2009). Further, it can be argued that the religion as an instrument which promote mutual trust between institutional structures and social networks for building connection and trust between nascent and established entrepreneurs (Henley, 2016).

Studies related to religion and entrepreneurship have found different conclusions for different religious groups for entrepreneurship. For instance, Henley, (2016) found a significant association between entrepreneurial activity and Pentecostal Christian religious affiliation. Subsequently, Zelekha, Avnimelech, & Sharabi (2014) also found that different religious institutions have significantly different impact on the entrepreneurship. However, the composition of religion in different countries have been continuously changing. Additionally, there are few researches which concentrated on macro-level role of religion as a contributing factor for sociocultural environment (Balog et al., 2014). The increase in the ethnic diversity in the society thus it affects for the increase in the religious value systems and belief systems and its timely to study that how this change of mix in religious value systems and belief systems will impact for the entrepreneurial participation (Rolland, 2007; Carswell & Rolland, 2004). Thus, in the country level the composition of religious beliefs seems to have a prevalence of entrepreneurship. Since most of the researches which address the association between religion and entrepreneurship focus on dominant religion of a country or some certain number of religious groups, there is a question arise as is there an impact of religious diversity of a nation for entrepreneurial activity.

Accordingly, the current study focuses on analysis of the direct effect of religious composition i.e. religious diversity on the entrepreneurial intentions in country level and the indirect effect via national culture specifically, power distance and individuality.

The main objective is to identify the relationship between religious diversity and entrepreneurship. Sub objective of the research- to assess the indirect effect of cultural variables for the relationship between religious diversity and entrepreneurship. To achieve the stated research objectives, following research questions were formulated.

- What is the nature of relationship between religious diversity and entrepreneurial intention?
- What is the moderating role of culture in the relationship between religious diversity and entrepreneurial intentions?

## **1.2 Justification of the Study**

The current study will important for both field of academic and policy makers. The contribution of this study includes providing systematic cross-country empirical evidence for the

understanding of how the religious diversity affect for the entrepreneurial intentions in country level. Further it enriches the analysis of religious diversity with the culture in particular how it indirectly affects for the intentions of entrepreneurship in country level. Additionally, this study will be an important avenue for researchers in the field of entrepreneurship to focus more on external factors such as culture, that will contribute for entrepreneurial intentions. Further, this research will concern entrepreneurial intention as a measure of entrepreneurship while most of the studies concern about entrepreneurial activity as measure of entrepreneurship. Thus, it will concern about intention to start a business than favorable attitudes towards entrepreneurship. Based on the results of the current study, researchers can focus more on studying the socio cultural environmental effect for the entrepreneurship. The fact that societies needs motives for entrepreneurship leads for more research on what are the theoretical models that can be used for explaining the antecedents of entrepreneurial intentions in the entrepreneurship literature (van Geldern, et al., 2008). On the other hand, the trends of religious beliefs and activities in different countries are not similar (Henley, 2016), and thus different cultures reflect different levels of entrepreneurial intentions based on their belief systems. In fact, most of the studies which investigate the relationship between religion and entrepreneurship have focus on individual differences not the aggregate analysis (Henley, 2016). . On the other hand, in the early twenty first century the theme of how religious diversity in countries and the consequences for social order and public life became an area of debate in the academic field (Bouma & Ling, 2011). Based on these reasons, this study will contribute to the literature by focusing on religious diversity and entrepreneurial intentions to understand the factors that determine the entrepreneurial acts of people.

Moreover, since the entrepreneurship is one of the major avenue for economic development of a county, it is crucial for any economy to know about what are the factors that trigger or discourage entrepreneurial actions of the society. Additionally, the increase in ethnic diversity will lead for the increase the mix of religious value systems and belief systems in the society (Rolland, 2007). Accordingly, understanding the association between cultural differences and the entrepreneurial acts is important for policy decisions of certain government to encourage entrepreneurship in that economy (Pinillos & Reyes, 2011). On the other hand, in the early twenty first century the theme of how religious diversity in countries and the consequences for social order and public life became an area of debate in the academic field (Bouma & Ling, 2011). Thus, with the results of the study, the society can understand the relationship between these social factors and entrepreneurship and finally it will motivate the sufficient level of

diversity in the society. When the people in a certain society focus more on entrepreneurial acts, then the economic growth is the finally result from those acts.

### **1.3 Chapter Outline**

For the completion of this report five more chapters will be added including discussion and conclusion. In second chapter will be outlined the theoretical framework for the study. The third chapter includes a review of existing literature of religion, religious diversity, cultural dimension which suggest the relationships between the constructs from existing studies will be summarized. Basically, this chapter contains definitions, and respective relationships between key constructs with related variables.

The fourth chapter, methodology chapter demonstrates the researching process of the current study. Thus, it introduces the methods, data, measures and analysis techniques used in the study.

Fifth chapter is data presentation and analysis. The first part of the chapter is organized to present the data collected from the analysis of secondary data gathered from different data sources.

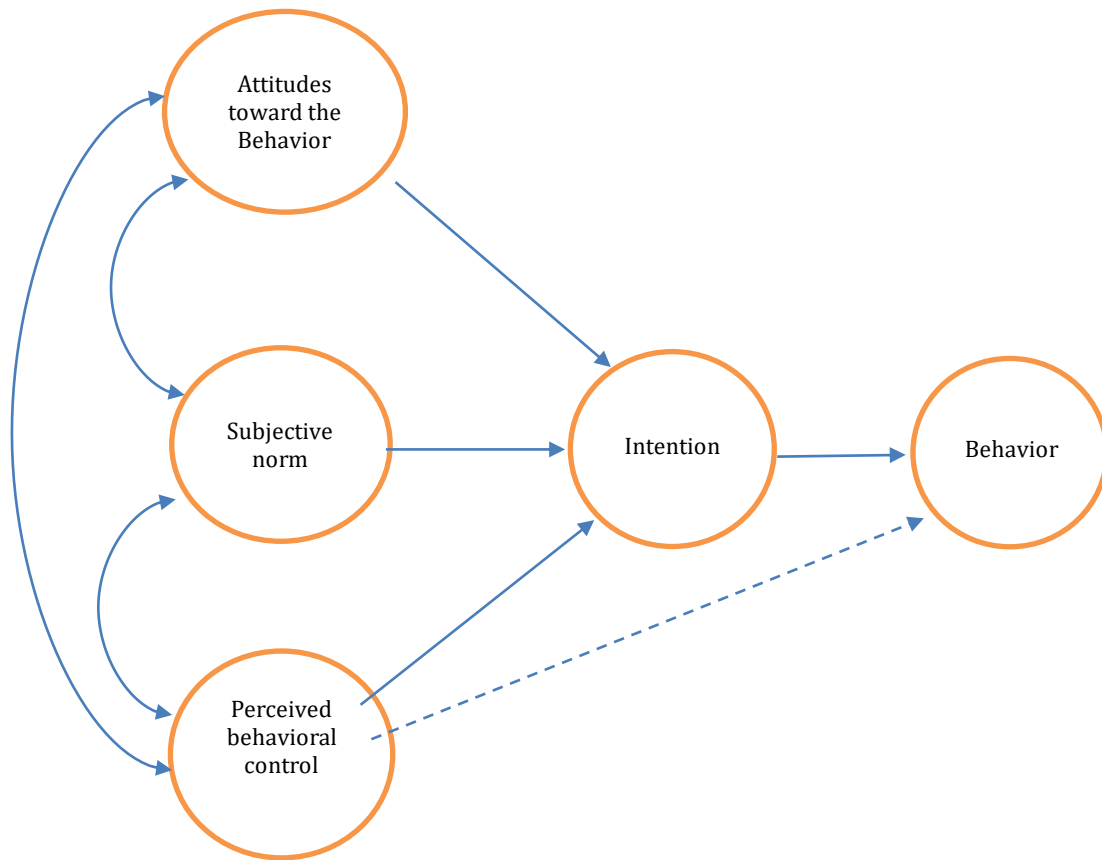
The sixth chapter is the discussion of the findings of current research with the findings and arguments of existing literature. Limitations will present following the discussion and recommendations for future research thereafter.



## 2. Theoretical Framework

This section introduces the theoretical background for understanding the relationship between religious diversity and entrepreneurial intentions.

Explaining human behavior and their decision making is a difficult and complex task since it depends on numerous factors such as their beliefs, perceptions, attitudes or environmental factors and also it deals with psychological process (Ajzen, *The Theory of Planned Behavior*, 1991). The theory of planned behavior is an influential model which is used for predicting human social behavior most of the researches in past two decades (Ajzen, 2011) which concern about personal and social factors to explain intentions and behaviors (Moriani, Gorgievski, Laguna, Stephan, & Zarafshani, 2010). Thus, the theory of planned behavior explains how social and personal factors affect for intentions and behaviors towards a certain practices in the society. For instance it can be used to explain how is the impact of social beliefs on the attitudes and behaviors towards a given behavior. The central factor of theory of planned behavior is the individual's intentions to perform a given behavior, i.e. the theory designed to predict and explain human behavior in specific contexts and in this theory (Ajzen, *The Theory of Planned Behavior*, 1991). This theory has been used in wide variety of researches to as highly effective predictors of wide range of human behaviors (Engle, et al., 2010). The theory of planned behavior consists of three independent determinants of intentions as attitudes toward the behavior, subjective norms and perceived behavioral control. According to Ajzen (1991, pp 188), attitudes towards the behavior refers to "the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question"; subjective norms refers to "the perceived social preference to perform or not to perform the behavior" and perceived behavioral control refers to "perceived ease or difficulty of performing the behavior and it is assumed to reflect past experience as well as anticipated impediments as obstacles". Ajzen (1991) suggested that relative importance of these three antecedents will be vary based on the different behaviors and situations. The antecedents of the theory is shown graphycally in Figure 1.



*Figure 1 Theory of Planned Behavior (Adapted from Ajzen, 1991)*

The theory of planned behavior is a valuable tool for explaining entrepreneurial intentions (Grid & Bagraim, 2008; Moriano, et al., 2010). According to the theory of planned behavior, entrepreneurial behavior is determined by the entrepreneurial intentions where the intentions depends on attitudes towards initiating entrepreneurial venture, subjective norms about entrepreneurship and perceived behavioral control over starting a business (Ajzen, 1991). When considering the antecedents of the theory, the first antecedent i.e attitudes towards the behavior is how a person believe the entrepreneurship as facing challenge and how he view it as positively or negatively (Moriano, et al. , 2010). Social norm is the individual's perception of social pressure for choose or not to choose entrepreneurship as a career (Ajzen, 1991). Thus social norm is related to the pressure arised from the society to be or not to be an entrepreneur. Social environment will determine how an individual concern the pressure as a encouraging or discouraging fact for entrepreneurship (Moriano, et al. 2010). The third component of the model i.e. perceived behavioral control reflects the individual perception of their ability to

act as entrepreneur. According to the description of each antecedents of the model, both attitudes of behavior and perceived behavioral control are related with an individual's specific abilities, skills, or attitudes which are mostly related with entrepreneurial behavior (Engle, et al., 2010). Grid & Bagraim (2008) in their study of assessing entrepreneurial intentions of final year students proved that the three antecedents of the theory of planned behavior can be used for predicting entrepreneurial intention with statistically significant relationship between all these variables. Further, Kautonen, Gelderen, & Fink (2013) again proved that the theory of planned behavior as a valuable tool for predicting entrepreneurial intentions and actions in terms of emergence of business start-up behavior. Subsequently, the theory of planned behavior can be applied as a tool for understanding the emergence of complex economic behavior and there is a direct relationship between perceived behavioral control and intentions (Kautonen, Gelderen, & Tornikoski, 2013). In the cross cultural setting, the impact of three antecedent of the model is differently affect for the entrepreneurial intentions, for instance social norm has shown the significant impact for the entrepreneurial intentions than other two antecedents (Engle, et al., 2010).

The theory of planned behavior has been used for explain the entrepreneurial intentions with different dimensions. For instance, Moriano, Gorgievski, Laguna, Stephan, & Zarafshani (2010) studied the role of culture in the formation of career intentions using the theory of planned behavior. They found that in a cross cultural setting, there is similarity of entrepreneurial intentions that is determined by the attitudes and perceived behavioral control while social norms were differently affect of entrepreneurial intentions. Further, the study conclude that the predictions of the theory of planned behavior is invariant across different cultures. Social norm is the dimension which is significantly affect on the entrepreneurial intention in the cross cultural analysis (Engle, et al., 2010) Human beliefs determine the attitudes towards the behavior, their subjective norms and their perception of behavioral control (Ajzen, 2011). There are particular drivers of intentions in the theory of planned behavior that are relevant to describe the effect of religion such as the perceived social acceptability and the perceived feasibility of entrepreneurship (Henley, 2016). Accordingly, religion plays a potential role as a mediator of values and social norms in terms of perceived social acceptability (Henley, 2016). Although the religion is not directly motivating or demotivate the entrepreneurial activity, rather it links with the certain cultural value system and it frame attitudes towards entrepreneurship (Dana L. P., 2009). There are positive or negative relationship between perceived entrepreneurial feasibility in due to the impact of religion on social networks, social

capital and also constraints of certain individual behavior (Henley, 2016). Accordingly, the theory of planned behavior is useful for explaining how the created social norms and attitudes based on the individual beliefs of religion and how it affects for the behavior of an individual to act as an entrepreneur.

### **3. Literature review**

This section will introduce what is known in the literature about entrepreneurship, religion, culture and the relationship between all these concepts.

#### **3.1 Entrepreneurship**

Entrepreneurship is one of the emerging fields of study, which most of the management disciplines are considering about. Defining the term entrepreneurship is quite complex since there are several different thoughts of different authors since it is a multi-dimensional construct. Since entrepreneurship involves great variety of contexts and factors, it can be identified as complex phenomena (Pinillos & Reyes, 2011). According to Schumpeter, entrepreneurship is introducing new products and processes, designing new organizational structures, and winning new markets. Thus, it added the innovation component to the concept through new products, new processes, new structures and identifying new markets. In the Schumpeterian view entrepreneurship is identified as outcome based concept and entrepreneurship is defined as the value creation by carrying out new combination that cause discontinuity. George & Zahra, (2002) defines entrepreneurship as ‘ the act and process by which societies, regions and organizations or individuals identify and pursue business opportunities to create wealth’. Tiessen (1997) defined entrepreneurship based on two different functions related to entrepreneurial act. They are generating variety which includes exploiting opportunities and creating new concepts and leveraging resources which is an act of efficient implementation. Entrepreneurs’ internal values have a greater impact over the deep level of personal meaning on their entrepreneurial pursuits (Kinjerski & Skrypnik, 2004). Moreover, entrepreneurship contributes to the economic development through creation, growth and survival of new ventures (Audretsch, Boente, & Tamvada, Religion and Entrepreneurship, 2007).

#### **3.2 Entrepreneurial Intention**

The direction of future action is determined by the intention which is affecting for individual’s choice (Moriano, Gorgievski, Laguna, Stephan, & Zarafshani, 2010). Entrepreneurial intent is the intention of an individual to start a business (Engle, et al., 2010). Entrepreneurial intention explains that even though some people have favorable perceptions about entrepreneurship with respect to business opportunities, but they may not have intention to start a business (Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2012). Accordingly, entrepreneurial intention explains the person’s attitude to start a business which is not really favor for business. Thus, this definitions was used in the study to identify the entrepreneurial intention.

### **3.3 Religion**

Religion can be defined as ‘an institutionalized belief system that unites a community of believers around social practices, rather than ‘spirituality’ which concerns the individual, potentially in a socially and historically detached way’ (Deneulin & Rakodi, 2011). Religion can be identified in two perspectives. On one hand, it influences to form formal and informal ethical constraints to the human interests and on the other hand, it shapes the culture which stimulate people’s attitudes (Coccia, 2014).

Religiosity has a potential effect for different areas of human life of cause in the aspect of business formation. It is difficult to find an accepted definition which can apply for all the religion in the world (Rolland, 2007). According to the definition of (Dana, 2009) religions are depositories of wisdom and of values and religious values intertwined with the cultural values. There are a wide range of perspectives where the religion has been studied including philosophy, sociology, anthropology, political sciences and economics.

### **3.4 Religion and Entrepreneurship**

Religion impacts on people’s behavior in different manner. This study focus on how it affect for economic performance of persons and entrepreneurial intentions.

Religion is one of the elements of culture (Barro & McCleary, 2003) that is not excludable when explaining the relationship between culture and entrepreneurial intentions (Henley, 2016). The relationship between religion and entrepreneurship is poorly understood due to its complexity and indirectness (Zelekha, Avnimelech, & Sharabi, 2014). Accordingly, religion assists individuals to create social networks through the created trust from the religious beliefs and further it promotes entrepreneurial intentions through the positive social norm for entrepreneurship. The studies in role of the religion in individual economic behavior is not a new stream of study since it extends to the phase of Adams Smith, when he tried to understand the impact of religious beliefs for economic behavior (Dana L. P., 2009). At the beginning of this century, Max Weber also studied about the Protestant Work Ethic and religious affiliation in relation to facilitating access of resources (Dana L. P., 2009). The characteristics of culture encouraged by the Protestantism includes individualism, achievement motivation, legitimation of entrepreneurial vocation, rationality, asceticism and self-reliance (Basu & Altinay, 2002). Accordingly, this work ethic included with hard work, thrift, and self-discipline which serve

the adherence for involvement in business and wealth creation which seems to enhance the entrepreneurial actions (Rolland, 2007). Further, different religions have different values regarding wealth accumulation, innovating and taking active responsibility for one's fate (Zelekha, Avnimelech, & Sharabi, 2014).

Entrepreneurs' internal values which have a deep level of personal meaning on their entrepreneurial pursuits (Kinjerski & Skrypnek, 2004). Most of the people will not follow if some business practice is deterred by their religious belief (Audretsch, Bönte, & Tamvada, Religion, 2013). Different religious beliefs have different influence on individual's decisions about the entrepreneurship. In other words, various religions value entrepreneurship in different degrees (Dana L. P., 2009). For instance, institutional profiles of Hinduism and Buddhism restrict self-employment, while Islam and Jainism encourage self-employment (Audretsch, Bönte, & Tamvada, 2013). A study in India found that within the diverse religions in India mostly, Islam and Christianity are conducive to entrepreneurship in comparing other religious beliefs such as Hinduism (Audretsch, Bönte, & Tamvada, Religion and Entrepreneurship, 2007).

The researches done in the field of religion and entrepreneurship can be identified in two categories as individual level studies and firm level studies (Balog, Baker, & Walker, 2014). Accordingly, influences of religion in individual level includes motivations for entrepreneurial acts and the way of managing employees etc. while the firm level includes shared values and belief systems within a firm which is related with pursuing opportunities and behavior in the firm. Not only in individual level and firm level, but religion can be identified as an influencing variable for cultural causal factors which form the ethical preferences and thus it can affect for the individual entrepreneurship as well as in the macro level for promoting or hindering the entrepreneurship (Trivedi, 2011). Accordingly, the relationship between religion and entrepreneurship can be identified as an indirect relationship since it affects for entrepreneurship through the different cultural values (Dana, 2010).

There are several studies (for instance, Barro & McCleary, 2003; Rupasingha & Chilton, 2009) focus on the relationship between religion and economic performance. Barro & McCleary (2003) have used data from World Value Survey to measure religiosity by using survey questions like religious service attendance, beliefs in God, hell, heaven and afterlife to examine the relationship between religion and economic growth. They have found that beliefs are positively associated with economic growth and religious service attendance negatively related

with economic performance. Moreover, religion creates some opportunities for entrepreneurship. Religious values create needs and these needs can be translated into opportunities (Dana, 2009). Dana (2009) has pointed out some examples for this argument as some religious productions, some beliefs on food preferences i.e. religious dietary requirements creates different opportunities for entrepreneurship.

Religion determines the basic values and beliefs of a person which is greatly influence on culture. Zelekha, Avnimelech, & Sharabi (2014) have found that country's major religion affect significantly on entrepreneurship. This implies that when there are different impact of different religions on entrepreneurship, major religion determine the involvement of entrepreneurship in the country. This argument of the predominant religion shapes the attitudes toward the entrepreneurship, was again proved in the study of religious plurality and technological innovation by (Coccia, 2014). Findings of this study shows that on average predominant societies with protestant, Jewish and Eastern religions, have higher performance in technological innovation than the societies with other predominant cultures.

Religion is an interesting area of research in entrepreneurship when searching for factors affecting for entrepreneurship in country level and individual level. The relationship is indirect as concluded by several researches and further different religions have different beliefs which are conducive or not for entrepreneurship. On the other hand religion creates opportunities for innovative solutions for members in a society.

### **3.5 Religious diversity and entrepreneurial intentions**

Diversity or heterogeneity explain the composition of different kind of characteristics in a set of observations. Socio cultural diversity includes a host of cultural, ethnic, religious, political and demographic factors (Nijkamp & Poot, 2015). Diversity in relation to the economic performance of individuals, it is a positive factor that promoting economic performance. Diversity can be treated as an economic asset as well as a social benefit (Nathan & Lee, 2013). On the other hand, it can affect entrepreneurship in two ways; in firm or group level it could influence for better decision making and positive performance and on the other hand it can impact for breed and conflicts lead for poor performance (Nikolova & Simroth, 2015).

Cultural diversity in a society can be identified in different forms as language, ethnicity, religion etc. Diverse groups may have different beliefs and they behave in the society in different ways. Empirical findings showed that cultural diversity can have positive or negative outcomes



(Bellini, Ottaviano, Pinelli, & Prarolo, 2013). A firm which have higher cultural diversity has a positive association for the economic performance and it can be treated as an economic asset as well as social benefit (Nathen and Lee, 2013). Bellini, Ottaviano, Pinelli, & Prarolo (2013) found that diversity is positively correlated with productivity from a sample of European countries. On the other hand, diversity will also encourage conflicts between social groups and it will negatively affect for the productivity and the economic performance in the society.

Religious diversity is one of the aspects of cultural diversity. For this study, religious diversity was selected since the nature of the relationship between religious diversity and entrepreneurship is not the same in all contexts. Religious diversity is precise measure of diversity than language or ethnic diversities (Nikolova & Simroth, 2013). Because an individual can be multi lingual or multi-ethnic, but rarely be a individual following different religious beliefs. There are two terms that distinguishes with religious diversity, i.e religious plurality and religious pluralism. Bouma & Ling (2011) in their book chapter named religious diversity defines religious plurality as ‘a state of the society’ whereas religious pluralism refers to ‘belief and attitudes about diversity’. According to this chapter, there are five ways to measure and analyse religious diversity. 1) nation-state: absolute number is separate religious organizations; 2) the number of distinct faith tradition or world religions; 3) number of number of individuals who combine different religious outlooks in their own identity, 4) number of internal divisions of unitary faiths and 5) number of religious group with significant membership. Further, Bouma & Ling (2011) have pointed that there are three sources of religious diversity as ‘religious diversity arise from creative developments within exiting groups and the emergence of new religions, from recent social changes involving increased privatization of religion and the rise of consumerism, and from the globalization of religions through new communication technology and the movement of people who take their religion with them as settlers, missionaries or migrants’. Religious diversity is one of the aspects of religious pluralism. Religious pluralism included three aspects such as descriptive pluralism (diversity of religious membership and practices), objective pluralism (trends towards increased public acceptance of religious diversity and normative pluralism (growing appreciation of pluralism as a societal value) (Henley, 2016). Thus, all these aspects explain that the increase of mix of the religious value systems in the society.

Studies about the relationship between religious diversity and entrepreneurship can be found both micro and macro level. Moreover, the religious mix of value system and religious belief

system in a society is affected by increase in ethnic diversity (Carswell & Rolland, 2004). Religiously diversified societies will provide and context for entrepreneurs to learn how to conduct a business in the religiously diverse world (Bouma & Ling, 2011). The degree of diversity in a society will decide how it affects the economic performance. Some studies (for instance Coccia, 2014) argued that, if the religious diversity is very low, i.e. most of the population belongs to same religion (if there is predominant religion in the country), the level of entrepreneurship can be explained accordingly to the general impact of such religion on entrepreneurship. Barro & McCleary (2003) found that greater religious diversity promotes higher competition and it results in better quality religious products which lead to greater religious participation and beliefs.

Nikolova and Simroth (2015) find that more religious diversity affects more business set-ups in local level by using the 2010 Life in Transition Survey. Accordingly, they concluded that religious diversity correlated with higher start-ups which is driven by access to finance and risk preferences. In this study, they suggested that it seems effective with the programs that encourage entrepreneurship in these diverse areas and develop social capital. Further, Barro and McCleary (2013) found that there is a positive relationship between religious belief and economic growth which could be consisted of activities of entrepreneurs. In terms of technological innovation as a part of entrepreneurship in a country have a positive effect from the higher religious fractionalization (Coccia, 2014). This positive effect can be determined by other socio-economic factors. Coccia (2014) found that the positive relationship between religious fractionalization and technological outputs is true among richer and more democratic countries- mainly European and North-American geo-economic areas.

Alternatively increase in religious diversity creates different entrepreneurial movements. There are religious service organizations where people get many different goods and services from. Hence different religions need different kinds of religious products and services, increased religious diversity created opportunities for the entrepreneurs in that industry for innovative solutions for the needs and wants of different religious groups (Bouma & Ling, 2011). Thus, new organizations will enter the religious markets to cater for the diverse consumer preferences and thus in a country level these changes will positively affect the entrepreneurial intentions raised through the desirable opportunities in the business environment. Entrepreneurial movements to enter this industry enables competition and it will lead to wide range of religious products and finally religious diversity will positively effect on entrepreneurship in the macro

level. Other than these factors, religious diversity will have an impact of many day to day lifestyles of persons. For instance, arrangements in healthcare industry, working time schedules, education system etc. increase of religious diversity force entrepreneurs in every business field to change or adjust their way of doing business (Bouma & Ling, 2011).

Simultaneously, there are some arguments that state religious diversity negatively related with the economic behavior of persons including entrepreneurial acts. For instance, Bouma & Ling (2011) argued that societies where religion support social order and socialize persons motivation to produce, attend timetables and cooperate, are not perform well when there is higher religious diversity. That implies that when those countries which have strict role of religion for sharing the human life will be affected negatively by the increasing religious diversity and thus it reduce productivity, threaten social cohesion and undermine the social significance of religion. Basu and Altinay (2002) found that there is no a significant difference in entrepreneurial behavior manifested by the religious diversity in their study of immigrant businesses in London. The negative relationship between religious diversity and economic performance was argued by Smith's arguments that religious fractionalization like ethnic fractionalization it has negative effect on economic performance (c.f. Rupasingha & Chilton, 2009). Consequently, the increase of religious mix in a society is not negatively reduce start-ups in that society (Rolland, 2007; Carswell & Rolland, 2004); further the effect is very little between religious diversity and perceived contribution of entrepreneurship to both society and individuals (Rolland, 2007). In other words, the study of Carswell & Rolland (2004) found that increasing diversity does not appear to have an influence on differentiating perceptions on the perceived importance of entrepreneurship based on religious beliefs.

Studies investigated the relationship between religious diversity and entrepreneurship have concluded both positive (Bouma & Ling, 2011; Nikolova & Simroth, 2015; Coccia, 2014) or negative effects (Rolland, 2007; Carswell & Rolland, 2004). Accordingly, most of the studies that test the association between religious diversity and entrepreneurship have concerned about entrepreneurial activities like start-ups (Nikolova & Simroth, 2013; Rolland, 2007; (Carswell & Rolland, 2004), technological innovation (Coccia, 2014) and in general as economic performance (Barro & McCleary, 2003), immigrant businesses (Basu & Altinay, 2002). Additionally, researchers (Bouma & Ling, 2011) argued that increase in religious diversity creates opportunities for new businesses and it will conducive for entrepreneurship. This is based on different beliefs in different religions will affect for the lifestyle of people in the

society in terms of healthcare, foods, working time schedules, education system etc. Although these different demands from the diverse society will encourage innovative solutions for their needs, it also will affect for conflicts regarding the different religious beliefs. This fact might lead for complexity to start a business than there is not much diversity. Additionally, some of the studies (Coccia, 2014) have used country's major religion as determinant which determine how it is encouraging or discouraging entrepreneurship. But the current study does not concern about the major religion in a country and it only focuses on general measure of religious diversity. When considering the general measure of religion in a particular country, it is clear that the direction of relationship would be negative since increase of demands of from the diverse society may negatively influence individuals to start a business based on the complexities. Based on the argument that more diversified societies will discourage intentions to start a business since entrepreneurs needs to concern about different demands from different groups, this study will focus on following hypothesis.

**H1:** Religious diversity is negatively related to entrepreneurial intentions across countries

### **3.6 Culture and Entrepreneurship**

Culture can be defined as a set of shared values, beliefs and norms of a group or a community. In other words, culture refers to 'enduring set of values of a nation, a region, or an organization' (George & Zahra, 2002, p.5). The word culture derived from the Latin word '*colo -ere*' which means 'to cultivate' and it refers to different patterns of human activity and how it differs from another person's activity (Sahin , Nijkamp, & Baycan-Levent, 2007). Hofstede (2001, p. 9) defines culture as 'a collective programming of the mind which distinguishes the members of one group or category of people form another'. Moreover culture can be defined focusing on dimensions of culture which affect for economic outcomes as 'those customary beliefs and values that ethnic, religious and social groups transmit fairly unchanged from generation to generation' (Guiso, Sapienza, & Zingales, 2006, p.23). However in this study, I will base myself on the influential definition of Hofstede, which states that 'culture is collective programming of the mind which distinguishes the members of one group or category of people form another'(Hofstede, 2001, p. 9).

The underline value system from culture specific to certain group or society influence the certain personality traits and motivates individuals in the society to act differently (Pinillos & Reyes, 2011). Accordingly, culture influences to create the mind set for engaging in

entrepreneurial acts of the individuals in a certain social group. The relationship between culture and entrepreneurship has been studied for several decades in the literature in different contexts. According to the review of Hayton, George , & Zahra (2002), national level cultural characteristics have been studied with aggregate level of entrepreneurship, individual characteristics of entrepreneurs and aspect of corporate entrepreneurship. Thus, cultural dimensions were studied in individual level, firm level and country level entrepreneurship in the literature.

Culture usually affect for the behavior of individuals. In terms of economic behavior, culture affect for the personal traits such as honesty, thrift, willingness to work hard, openness to strangers, and willingness to take risks or attitudes towards uncertainty or attitudes towards wealth accumulation (Barro & McCleary, 2003; Zelekha, Avnimelech, & Sharabi, 2014). Cultural values decide up to what extent that the society considers entrepreneurial behaviours like risk taking and independent thinking to be desirable for entrepreneurship behaviour and intentions (Hayton, George , & Zahra, 2002).

The impact of differences in cultures on entrepreneurship also an area of research in culture and entrepreneurship field of study. Basu & Altinay (2002) have argued that differences in cultural attributes such as family tradition, migration motives, religion, family links business experience and educational attainment may have impact on deciding the entrepreneurship. Further they found that based on these differences in cultural attributes, there will be some differences in diversity of business entry modes, modes of financing and family involvement with regard to entrepreneurial behavior of individuals. Thus they concluded that the relationship between culture and entrepreneurship may depends on the ethnic groups, i.e. some ethnic groups there is strong interation between culture and entrepenrushiop while others are not. The overall finding of this research highlighted that the association between culture and entrepreneurship seems more complex and some aspects of culture such as family tradition, attitudes towards education has impact of entreprenurship than that have with factors like religion.

Culture shapes the environment that is conducive for entrepreneurship and thus it influences for wide range of economic decisions including become self-employed than work for others (Freytag & Thurik, 2007). Culture is important to study with regard to entrepreneurship, since it influences motives, values and beliefs of individuals (Hayton, George , & Zahra, 2002). The cultural values and norms decides whether to enhance or hinder the society's ability to develop strong entrepreneurial orientation (Lee & Peterson, 2000). In country level the country specific

cultural variables explains the preferences for the entrepreneurship than the actual entrepreneurship (Freytag & Thurik, 2007). There are considerable number of studies which were focused on study the national culture characteristics and aggregate level of entrepreneurship and most of them were based on Hofstede's dimensions (Hayton, George , & Zahra, 2002). Researchers used mainly four dimensions of this framework to explain enhancement of aggregate level entrepreneurship such as high individualism, low uncertainty avoidance, low power distance and high masculinity (Hayton, George , & Zahra, 2002). Characteristics of culture that encourage entrepreneurship includes less tolerance for power distance, willingness to accept living with uncertainty and motivation in individualistic (Lee & Peterson, 2000). In contrast, cultures which accept higher level of hierarchy, job security, consensus decision making are more likely to avoid uncertainty, be more collective, feminine, ascription oriented and particularistic will hinder the entrepreneurship (Lee & Peterson, 2000).

### **3.7 Religion, culture and entrepreneurial intentions**

Religion is one of the major determinants of culture (Barro & McCleary, 2003). In other words, religion determines a person's basic values and beliefs which in turn affect for their culture (Basu & Altinay, 2002). The relationship between religion and entrepreneurship can be identified as an indirect relationship where religion affect for the cultural value system which in turn have the relationship for entrepreneurial activity (Dana, 2009). Religion is a vehicle for perpetuate both values and culture and finally help for shaping various forms of entrepreneurship (Dana , 2009). Since the religion shapes people's attitudes of mind, culture and institutions of the countries, there is a tendency that it affects for the innovation as a main socio-cultural determinant (Coccia, 2014). The definition for culture includes that it consisted with prior beliefs and values or preferences (Guiso, Sapienza, & Zingales, 2006) where values and beliefs may be affected by the religious beliefs. Guiso, Sapienza, & Zingales, (2006) have analysed the interaction between religious beliefs and attitudes towards the economic growth such as cooperation, trust, thriftness, government, institutions, women's propensity to work, legal rules, and fairness of the market. In this study, culture defined according to its affect for the economic performance, thus culture refers to 'those customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation'. The findings show that on average religious beliefs are encouraging to per capita income and growth. In macro level the effect of religion on entrepreneurship is indirect and it can be

identified through country's culture and institutions than the direct effect of religion's members in the community (Zelekha, Avnimelech, & Sharabi, 2014).

In an individual level analysis of immigrant businesses in UK Basu & Altinay (2002) found that the association between culture and entrepreneurship manifested by religion does not exert an important influence for entrepreneurial behaviors as expected. For instance Muslim entrepreneurs get loans as non-muslims although that is not permitted by their religion. This might be backed by the reason that they are migrants and have no other sources of funds for the business start-ups. Further, Basu & Altinay (2002) found that Muslim businessmen serve alcohol even though it is against their religious beliefs. This fact of behavior of entrepreneurs again emphasized that the national culture of the country is affecting for the entrepreneurial behaviours. The result of this study emphasizes that even though the religion has an impact on human behavior, there is a strong influence from national culture.

There are few dimensions of culture that can be linked with the entrepreneurial intentions. One of the main dimensions among this is individualism and collectivism (Hofstede, 2001). Accordingly, individualism indicates a nature of behavior of preclude relationship with others while, collectivism refers to the behavior of persons that motivate others to achieve group interest (Tiessen, 1997). Thus, in individualistic cultures individuals expect to look after him/herself and his/her immediate family while collectivist cultures people are integrated into strong, cohesive in-groups (Hofstede, 2011). A framework for analysing the relationship between collectivism, individualism orientation and entrepreneurship had developed by Tiessen (1997). According to his review of literature there are two streams of research about this dimension and entrepreneurship as micro level and macro level. Micro level stream focus on individualistic nature while macro level focus in more collectivist nature. He argued that both factors affect entrepreneurship positively since these two variables related to major entrepreneurial acts. The study further recognized that collectivism associated with the act of leveraging resources and individualism associated with the creating variety. This argument of both Hofstede's collectivism dimension affect on entrepreneurship is against the prior belief of individualistic cultures are more entrepreneurial. The reason why most of researchers have argued that individualistic cultures are more entrepreneurial is that they argued orientation towards goal achievement and pursuit of personal objectives as determinant of entrepreneurial activity (Pinillos & Reyes, 2011). A cross country analysis of Pinillos & Reyes (2011) found that although national culture correlate with entrepreneurship there is no evidence that

individualism uphold the level of entrepreneurial activity. Additionally, the level of development of the certain country have a impact for deciding the level of relationship. For instance, country's entrepreneurial rate is negatively correlated with individualism when the development is medium or low and positively correlated when development is high in the economy (Pinillos & Reyes, 2011). Thus the impact depend upon the level of economic development of the country and it is hard to state the relationship reagrdless other macro economic factors such as economic growth. Based on the literature that shows individulaism encourage entrepreneurship, this study argue that when there is religiously diverse society, religious beliefs system also affect for the perceptions for entrepreneurship.

As another dimension that literature has focused from Hofstede's national cultural dimension is power distance. Power distance refers to the fact about human inequality. It explains the extent to which, members think how institutional and organizational power should be distributed. It can be equal or unequal. In other words, power distance refers to the acceptance of inequality in power and authority between individuals in the society (Mitchell, Seawright, & Morse, 2000). Members in high power distance cultures are much happier with a larger status differential. They accept an unequal power distribution. Further there is a hierarchical system and downward communication flow. On the other hand, in low power distance cultures, power is collective and people think themselves as equals, and members are willing to share their ideas. Mitchell, Seawright, & Morse (2000) have found that power distance is associated with willingness and ability and venture creation decision. Additionally, Hayton, George , & Zahra (2002) in their review of literature of culture and entrepreneurship provides evidence of literature that low power distance facilitate the entrepreneurship in a society. However, power distance is one of the two dimensions which affect for entrepreneurship (Mitchell, Seawright, & Morse, 2000).

Culture of a certain country has an effect for the relationship between religion and entrepreneurship in that country. Coccia (2014) had focus on the religious plurality of the country and how it affect for technological innovation. The study was hypothesised that higher religious plurality as a main proxy for cultural diversity, thus it may higher the technological outputs in advanced economies. Further the findings of this study states that the relationship between religious fractionalization and technological outputs is depend on other socio-economic factors such as nature of democracy and the countries wealth. This findings prove that culture have a mediating role in determining the association between religious diversity



and entrepreneurship. The study have focused this argument in another path as, religious fractionalization affect for cultural diversity and this cultural diversity influence greater economic performance. Bouma & Ling, (2011) argued that the consequence of religious diversity will depends on local social, cultural and legal contexts. Accordingly, if there is in influence of religious diversity on entrepreneurial intentions, it depends on the cultural setting of particular society.

Since there are different findings for the relationship between religious diversity and entrepreneurship, this research expects to analyze the relationship between religious diversity and entrepreneurial intention through national culture. Most of the studies (Pinillos & Reyes, 2011; Tiessen, 1997; Mitchell, Seawright, & Morse, 2000) which are focused on national culture, have specified that power distance and individualism and collectivism as dimensions in entrepreneurship related research this study also used these two national culture dimensions to see how it moderate the relationship between religious diversity and entrepreneurial intentions.

Accordingly, the moderation effect can be identified between these two variables with following hypothesis.

**H2:** Power distance will strengthen the relationship between religious diversity and entrepreneurial intentions.

**H3:** Individualism versus collectivism will strengthen the relationship between religious diversity and entrepreneurial intentions.

### **3.6 Conceptual framework**

The major focus and the research scope of study is summarized in conceptual framework. Conceptual framework can be defined as “a logically developed, described and elaborated network of associations among the variables deemed relevant to the problem situation and identified through such processes as interviews, observations, and literature review” (Sekaran & Bougie, 2011). Based on the literature survey of the study, research framework is identified as follows which this study is going to investigate. The major constructs and the dimensions of the related constructs were presented with the frame work.

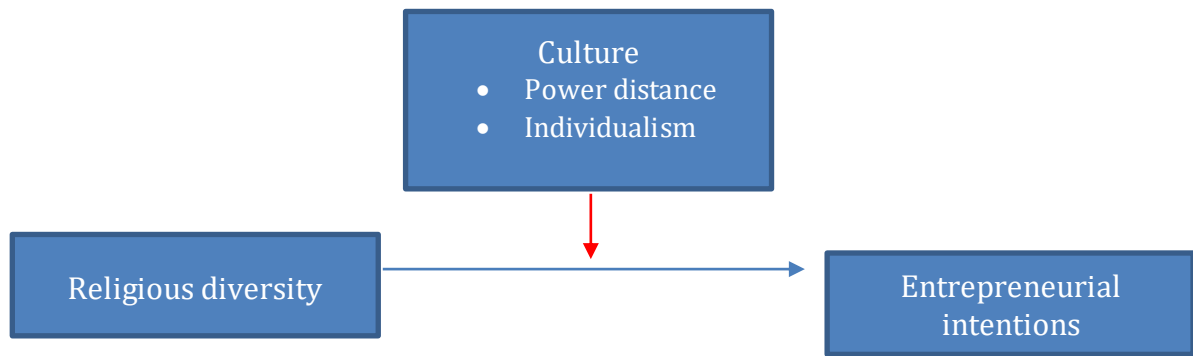


Figure 2- Conceptual Framework

## **4. Methodology**

This section introduces the background of the empirical analysis conducted in the study. It starts with the description of sample and data, research design and how the dependent, independent and control variables constructed followed by the statistical framework that has been used.

### **4.1. Sample and data**

International comparative data were collected from Global Entrepreneurship Monitor (GEM), Association of Religious Data Archives and Hofstede cultural indexes. All measures derived in the study is country level and these countries are the intersection of the available countries in all data sets been used.

GEM provides a data set with range of aggregate societal-level indicators. GEM data are generally familiar to researchers in Entrepreneurship. It had initiated in 1999 as a joint project between Babson College (USA) and London Business School (UK). After 17 years, it has been a richest data resource which publish range of research on global, national and special topic annually. To avoid the impact on certain annual factors that will affect for the value of each year the study pooled 15 years (from 2001-2015) data on each variable and get the average value for the analysis. To avoid the fluctuations of entrepreneurial intentions due to economic factors in each country in different years, the average value was taken for the study. Moreover, the average value was calculated using minimum 3 years' data to avoid biasness for changes in certain economy in certain year. All values were taken from Adults Population Survey. Studies have used this index for measuring entrepreneurship in national level (Henley, 2016).

There are several data sources available for religious activities from different surveys. For instance, World Value Survey and range of other secondary sources assembled by the Association of Religious Data Archives (ARDA). Since ARDA consisted with a pool of data with different nationalities, not only with the religion but also some social and economic indicators and indexes, this study used it as a source for data for calculation religious diversity as well as data for control variable (GDP-Gross Domestic Product). The percentage of each religion in each country was used for calculating the diversity index for the study.

The third data source used in the study was Hofstede's cultural indexes. Among the data source for national culture, Hofstede's data was the mostly used data by the researchers. Hofstede's cultural index was the output of research done by Professor Geert Hofstede from the sample of employees of IBM covering more than 70 countries. National culture was identified in six dimensions in the index.

The sample consisted with 77 countries based on the data availability of all the variables used in the study.

## **4.2 Research Design**

Research design is a framework for conducting the research project with details of the procedures necessary to obtain the information needed to structure or solve the research problem (Malhotra, 1999). He also claims that a good research design will ensure that the research project is conducted effectively and efficiently. Broadly research designs can be categorized into two streams as exploratory or conclusive (Malhotra, 1999). Exploratory researches focus on providing insight into, and understanding of, the problem confronting by the researcher while conclusive research focus on testing specific hypothesis and examine specific relationships.

Conclusive research design can be classified into two categories such as descriptive research and causal research. The current study, focus on finding the degree of association between variables which can be treated as descriptive research. Quantitative research approach was used in the study to analysis the relationship between each variable. The current study is based in the secondary data available for each dimension in ratio scale. Accordingly, most appropriate research approach is quantitative research approach due to the it is the method that bring the research to answer the course and effect relationship which answer the research question.

This study focuses on cross country analysis of religious diversity and entrepreneurial intentions with the national culture in an aggregate level. Accordingly, the research approach of this study is quantitative using data linkage from different cross-national sources.

## **4.3 Measurements**

Based on the conceptual framework presented before, there are three main variables which the study expects to utilize to achieve stated research objectives.

### **4.3.1 Independent Variable-Religious diversity**

The main explanatory variable is religious diversity in this study. There are several complex methods to calculate diversity which has been used in the literature as fractionalization or isolation index to model demographic across countries or cities (Nathan & Lee, 2013). The selection of measure of diversity depends on different perspectives and features of data availability among greater variety of indicators (Nijkamp & Poot, 2015). In socio-economic researches, basically fractionalization index (a measure of diversity among people) and the

segregation index (a measure of diversity among places) are being used to measure diversity (Nijkamp & Poot, 2015). Nikolova & Simroth (2013) have used religious fractionalization in each respondent's locality for measuring religious diversity. Diversity can be calculated by using different methods. This study used self-calculated diversity index from the percentages of population belongs to different religions extracted from ARDA data base. The index was calculated using the relatively common measure of fractionalization named Gini-Simposan Index.

$$d_c = 1 - \sum_{i=1}^{i=M} \left( \frac{L_{ci}}{L_c} \right)^2$$

where,  $L_{ci}$  is the number of individuals in county C that belongs to religion (denomination)  $i$ .  $L_c$  is the total population of county C. So as is higher and closer to 1, county C shows higher level of denominational plurality. According to the data available in ARDA, the percentage of each religion was used for the calculation. There are above 12 religious groups were identified in the data as major religions in different countries. They are Christian, Muslim, Hindu, Buddhist, Bahai, Agnostic, Atheist, Spiritist, Chinese Univ, Jewish, Ethnoreligionist, and Sikh. It provides the percentages of population represents each religion in a particular country.

#### **4.3.2 Dependent Variable- Entrepreneurial Intention**

There are three main theories that explain entrepreneurship such as personality theories, economic theories and sociocultural theories. Since this study focus on culture and religion as socio cultural aspects socio cultural theories which argues that entrepreneurship is based on nationality, culture and religion is the theory that can used for explaining entrepreneurship as dependent variable in the study.

In analysis of country specific cultural variables explains more about the preference towards the entrepreneurship than the actual entrepreneurship (Freitag & Thurik, 2007). As a cross country analysis of impact of religious diversity on entrepreneurship, thus entrepreneurial intentions was used to measure the entrepreneurship in this study. Entrepreneurial intent is the intention of an individual to start a business (Engle, et al., 2010). Ajzen's (1991) model was used as a theory for this study for identifying the entrepreneurial intention. According to this theory, generally intentions depends on perceptions of personal attractiveness, social norms and feasibility. Attitudes towards the entrepreneurship can be treated as one of the channels in which religion may effect on economic performance (Zelekha, Avnimelech, & Sharabi, 2014).

Data for all these indicators were extracted for GEM. According to the data available to indicate the level of entrepreneurship in GEM data, there are two main categories as, entrepreneurial attributes and entrepreneurial activities. One of the reasons behind why people tend to motivate to become an entrepreneur is that they identified their own capability to engage in their own business other than work for other company. Further it will lead for choosing their career as entrepreneur. Entrepreneurial intention is the intention of an individual to start a business (Engle, et al., 2010). According to GEM conceptual framework for phases of entrepreneurship (Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2012), this study concerns about the second phase of entrepreneurial process which is after the attitudes and beliefs about entrepreneurship. Entrepreneurial intentions were assessed among non-entrepreneur population. This study utilized this measure to see how entrepreneurial intentions backed by the religious diversity. This measure was used because even though some people have favorable perceptions about entrepreneurship with respect to business opportunities, but they may not have intention to start a business (Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2012).

#### **4.3.3. Moderating Variable- Culture**

Culture is the moderation variable of this study. The literature provides evidence of the relationship between contextual factors and entrepreneurial outcomes is depicted moderated by culture in various forms (Hayton, George , & Zahra, 2002). Predominant number of studies have utilized Hofstede's national culture dimensions to study the relationship between national culture and entrepreneurship. It has been proven important framework since it presents a concise taxonomy of significant cultural dimensions for explaining behavioral preferences on business organizations (Hayton, George , & Zahra, 2002). To explain the relationship between religious diversity and entrepreneurial intention, national culture values of Hofstede's indexes were used in this study.

#### **Power distance (PDI)**

The first dimension, power distance refers to the different solutions to the basic problem of human inequity (Hofstede, *Dimensionalizing Cultures: Greet Hofstede Model in Context*, 2011). Thus, it refers to the degree of acceptance or expectance of the inequality by the less powerful members in the organizations and institutions in the society.

#### **Individualism versus collectivism (IDV)**

Individualism related to the profile of entrepreneur and it explain person's motivation to achieve pursuit of personal goals (Pinillos & Reyes, 2011). Accordingly, individualism indicates a

nature of behavior of preclude relationship with others while, collectivism refers to the behavior of persons that motivate others to achieve group interest (Tiessen, 1997). Thus, in individualistic cultures individual expects to look after him/herself and his/her immediate family while collectivist cultures people are integrated into strong, cohesive in-groups (Hofstede, *Dimensionalizing Cultures: Greet Hofstede Model in Context*, 2011).

#### **4.3.4. Control variables:**

Most of the studies used economic growth of the country when they analyze national cultural variables with entrepreneurship (for example: Pinillos & Reyes, 2011). Several different characteristics of countries might influence the entrepreneurial intention of a country that is measured. The relationship between religion and entrepreneurship mediated by socio-economic factors including richness of the country and the democracy of the country (Coccia, 2014). in Country's social and economic development affect for the entrepreneurial intention was used as the control variable for the study. Thus, the growth in real gross domestic product per capita (the recent figure available or growth in 2015) was used in the study. The data source for this figure is the World Bank reports. (Henley, 2016) also used country median population age as a control variable for the model for assessing entrepreneurship and religion relationship. The effect of diversity can be depended upon the level of development in the economy, thus it may be more likely to have positive effect for more advanced societies than poor societies (Nikolova & Simroth, 2015).

#### **4.4 Analysis**

Data analysis is one of the most important part of a research which supports for generate new insights. The process of data analysis has different steps and procedures starting from testing validity and reliability to ending from applying data analysis tools for analyze the collected data for the study. The focus of this study is to test the hypothesis related to the relationship between religious diversity and entrepreneurial intention together with the moderating effect of culture. Thus, the analysis is focused on testing three predetermined hypotheses.

Accordingly, the analysis needs a multivariate data analysis method. There are wide ranges of multivariate data analysis techniques such as, multiple regression analysis, factor analysis, multivariate analysis of variance, discriminant analysis etc. (Hair et al., 1998). Based on the research hypothesis this study utilized ordinary least square regression and regression analysis with moderation to achieve the research objectives. Additionally, the first part of the analysis consist with the descriptive results of the data used for the study followed by the regression analysis.

The ordinary least square regression will use to test the relationship between religious diversity and entrepreneurial intentions across countries. The general equation for ordinary least square regression is used for testing the first hypothesis. Regression analysis can be defined as a set of statistical techniques through which the relationship between one dependent variable and several independent variables could be assessed (Field, 2013). The regression equation is:

$$Y = b_0 + b_1 X_i + \text{error}_i$$

Where Y is outcome variable,  $b_0$  is the interception,  $b_1$  is the coefficient of independent variable. Based on this basic regression model, the equation which is formulated for the current study is,

$$\text{Entrepreneurial Intention} = b_0 + b_1 \text{ Religious diversity} + \text{error}_i$$

As the second step of the analysis, the moderation effect of culture variables were analyzed by using multiple regression with interaction variable. To test the interaction of culture in the model it is needed to extend the general regression equation (Field, 2013). Then the regression equation can be formulated as,

$$Y = (b_0 + b_1 A_i + b_2 B_i + b_3 AB_i) + \text{error}_i$$

Accordingly, regression equations for all the hypothesis of the study related with the moderation effect analysis can be formulated based on the above regression model.

$$\text{Entrepreneurial intention} = (b_0 + b_1 \text{ Religious diversity} + b_2 \text{PDI}_i + b_3 \text{ Religious Diversity} * \text{PDI}_i) + b_4 \text{GDP}_i + \text{error}_i$$

$$\text{Entrepreneurial intention} = (b_0 + b_1 \text{ Religious diversity} + b_2 \text{IDV}_i + b_3 \text{ Religious Diversity} * \text{IDV}_i) + b_4 \text{GDP}_i + \text{error}_i$$

To test the moderation effect of culture dimensions for the relationship between religious diversity and entrepreneurial intentions, a hierarchical multiple regression is used. As the first step religious diversity and one dimension of culture will add to the regression model and as the second step, the interaction term will add to the model. To avoid potentially problematic high multicollinearity with the interaction term, the variables were centered and an interaction term between religious diversity and culture variable was created for all the culture dimensions (Aiken & West, 1991). Further to clarify the moderation effect, PROCESS, by Andrew F. Hayes (<http://www.afhayes.com>) in SPSS 23.



## 5. Results

This chapter consists with the presentation of results generated through the research process of the study. the objective of the study was to identify the relationship between religious diversity and entrepreneurship and identify the moderating effect of cultural dimensions on the stated association. Accordingly, this section presents correlation analysis, figures about the assumptions checking related to regression analysis and finally it presents the hypothesis testing results to achieve the research objectives.

### 5.1 Descriptive Statistics

The current study is a cross country analysis of religious diversity and entrepreneurial intentions. The data for the study were taken from the secondary sources i.e. online data bases for all the variables. Based on the availability of data for all the dimensions, number of data series were limited for the study. Originally, 86 countries were taken for the data set for the analysis which has all the data for every dimension of the study. This set of data was utilized for the analysis using SPSS.

Descriptive statistics shows the details about the data used for the study. It includes figures that specify the regression assumptions. All the data were tested for the regression assumptions before the final analysis of the study. Accordingly, Table 01 shows some values related to descriptive statistics of the study.

Table 01: Descriptive Statistics

	Descriptive Statistics						
	N	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Std. Error
GDP growth	76	2.9737	1.85086	.756	.276	.075	.545
Religious diversity	77	.3266	.22090	.679	.274	-.157	.541
Entrepreneurial Intentions	77	20.1471	13.45833	1.031	.274	.412	.541
Power Distance	77	59.96	21.455	-.213	.274	-.588	.541
Individualism Vs collectivism	77	42.10	23.614	.419	.274	-1.092	.541
Valid N (listwise)	69						

According to the results of the descriptive analysis of the study, it shows that the data shows high variance from its mean for all the variables except religious diversity and GDP growth.

The data set is consisted with different countries regardless of categorization based on their cultural backgrounds. Thus, there are some data that shows high and low values. In other words, standard deviation is high in the variables. Additionally, this analysis shows some insights about the normal distribution of the data. Skewness and Kurtosis values can be used for testing normal distribution for small sample sizes (Field, 2013). Thus, the value from dividing Skewness/ Kurtosis of the variable from their respective Std error should be less than +2 or - 2 for Skewness and +7 or – 7 for Kurtosis. The results show that four variables namely GDP growth, Religious diversity, Entrepreneurial intentions and Power distance shows values higher than +2 or - 2 for Skewness but they are within the range of +7 or – 7 for Kurtosis values.

The correlations of each variable show how each variable correlated with another variable. It can be used to identify the direction of relationship between each variable and the strength of relationship in the data before the final analysis. According to correlation matrix of the current analysis, religious diversity negatively associated with entrepreneurial intention, power distance, , and positively correlated with other culture dimensions. Further, Power distance is positively associated with entrepreneurial intention.

Table 02- Correlations

		<b>Correlations</b>				
		GDP growth	Religious diversity	Entrepreneurial Intentions	Power Distance	Individualism Vs collectivism
GDP growth	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	76				
Religious diversity	Pearson Correlation	-.102	1			
	Sig. (2-tailed)	.381				
Entrepreneurial Intentions	Pearson Correlation	.279*	-.290*	1		
	Sig. (2-tailed)	.015	.010			
Power Distance	Pearson Correlation	.316**	-.100	.397**	1	
	Sig. (2-tailed)	.005	.388	.000		
Individualism Vs collectivism	Pearson Correlation	-.272*	.129	-.592**	-.654**	1

Sig. (2-tailed)	.018	.265	.000	.000
-----------------	------	------	------	------

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

## 5.2 Hypothesis testing

This section presents the results for the hypotheses testing of the study. the first hypothesis is the positive relationship between religious diversity and entrepreneurial intention formulated based on the literature. The other hypotheses were developed to test the moderating role of national cultural dimensions on the relationship between religious diversity and entrepreneurial intentions.

### 5.2.1 The relationship between religious diversity and entrepreneurial intentions

To test the first hypothesis of the study, multiple regression was performed since the study controlled for the GDP growth of the country which can be affect for the level of entrepreneurship in respective countries. In the regression analysis models was run with control variable GDP growth. The results were shown in following tables.

**Model Summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.430 <sup>b</sup>	.185	.162	12.31482	1.852

a. Predictors: (Constant), Religious diversity

b. Predictors: (Constant), Religious diversity, GDP growth

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2509.423	2	1254.711	8.273	.001 <sup>b</sup>
Residual	11070.805	73	151.655		
Total	13580.228	75			

a. Dependent Variable: Entrepreneurial Intentions

b. Predictors: (Constant), Religious diversity, GDP growth

The model shows the simple linear regression model with only one predictor variable i.e. religious diversity. In the model, the value is 0.430 after including GDP growth as control

variable. The second column shows the value of  $R^2$  which is a measure of how much of the variability in the outcome is accounted for the predictors. Based on the results only 13.6% of variability in entrepreneurial intentions can be predicted by religious diversity alone. But with the control variable 18.5% variability can be predicted for entrepreneurial intentions. Thus, by including other predictors in the model results in increase of the ability of explaining quite higher amount of variation. The Durbin-Watson statistic found in the last column of the table shows whether the assumption of independent errors is tenable. Value less than 1 and greater than 3 raise alarm for acceptable independent errors (Field, 2013). The value in the current analysis is 1.852 which is in the acceptable range and it reflect that he assumption has almost certainly met.

ANOVA table provides the evidence that whether the regression model is significantly better at predicting the outcome than the mean as a best guess (Field, 2013). According to the value of F change and its significant level, both models are significantly improving the ability to predict entrepreneurial intention compared to not fitting the model.

Model	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	22.640	3.805		5.949	.000		
Religious diversity	-2.026	0.655	-.332	-3.095	.003	.972	1.029
GDP growth	1.625	0.779	.223	2.085	.041	.972	1.029

a. Dependent Variable: Entrepreneurial Intentions

The parameters of the models showing in the coefficient table in both steps. In the first model, with GDP as a control variable,  $b$  value is -2.026 which is significant ( $p < 0.05$ ) for religious diversity and there is a positive relationship between GDP growth and entrepreneurial intentions with 1.625 which is significant ( $p < 0.05$ ). Since both predictors shows  $p$  value less than 0.05, these predictors are making significant contribution to the model. Another important statistic showing in the coefficient table is collinearity statistics which is an important assumption in the regression model. VIF value in the table show the value that reflect the multicollinearity problems and this value should be less than 10. As per the result of the analysis VIF values are less than 10 and it shows that there is no multicollinearity problem in the data.

Based on the result of the regression analysis, the first hypothesis of the study was supported. Thus it shows that there is a negative relationship between religious diversity and entrepreneurial intentions.

### 5.2.2 The moderating effect of culture in the relationship between religious diversity and entrepreneurial intentions

The second objective of the current study is to identify the moderating effect of culture for the relationship between religious diversity and entrepreneurship. Basically, the study is focusing on five hypotheses for each Hofstede’s culture dimensions. This section present the results of moderation analysis by using PROCESS tools in SPSS to test the moderation effect.

#### The moderating effect of Power Distance

To test the moderation effect of power distance on the relationship between religious diversity and entrepreneurial intention, a hierarchical multiple regression analysis was conducted. As the first step two variables were included i.e. religious diversity and power distance. These variables accounted for a significant amount of variance in entrepreneurial intentions,  $R^2 = .221$ ,  $F(2, 74) = 10.48$ ,  $p < .001$ . To avoid potentially problematic high multicollinearity with the interaction term, the variables were centered and an interaction term between religious diversity and power distance was created (Aiken & West, 1991). Next, the interaction term between religious diversity and power distance was added to the regression model, which accounted for  $R^2 = .221$ ,  $F(3, 73) = 6.905$ ,  $p < .001$ . With this result, there is no change in  $R^2$  of the analysis, when the interaction term added to the model. Additionally, the PROCESS tool was used in SPSS to further clarify the results of interaction effect. The regression results for the moderation analysis for power distance in the relationship between religious diversity and entrepreneurial intention can be presented in table 03.

Table 03- Liner model of predictors of entrepreneurial intention

	<b><i>b</i></b>	<b>SE B</b>	<b>t</b>	<b>p</b>
Constant	20.442	1.954	10.463	0.000
Power distance (centered)	0.588	0.236	2.448	0.015
Religious diversity (centered)	-53.372	11.775	-4.532	0.000
Power distance* Religious diversity (centered)	-0.098	0.319	-0.306	0.760
$R^2=0.194$				

According to the moderation analysis results, *b* value for the interaction variable (Power distance\* Religious diversity) is -0.098 which is not significant ( $p > 0.05$ ) indicating that religious diversity and entrepreneurial intention is not moderated by power distance. In addition to the *b* value of the table, Johnson-Neyman technique result in the PROCESS output state that there is no significant interaction effect of power distance in the relationship between religious diversity and entrepreneurial intentions.

### **The moderating effect of Individualism and collectivism**

The process of analysis was continued similar to the analysis of power distance in the previous hypothesis for the second culture variable, Individualism and collectivism. As the first step two variables were included i.e. religious diversity and Individualism and collectivism. These variables accounted for a significant amount of variance in entrepreneurial intentions,  $R^2 = .397$ ,  $F(2, 74) = 24.339$ ,  $p < .001$ . To avoid potentially problematic high multicollinearity with the interaction term, the variables were centered and an interaction term between religious diversity and Individualism and collectivism was created (Aiken & West, 1991). Next, the interaction term between religious diversity and Individualism and collectivism was added to the regression model, which accounted for  $R^2 = .406$ ,  $F(3, 73) = 16.661$ ,  $p > .001$ . With this result, there is no change in  $R^2$  of the analysis, when the interaction term added to the model. Additionally, the PROCESS tool was used in SPSS to further clarify the results of interaction effect. The regression results for the moderation analysis for Individualism and collectivism in the relationship between religious diversity and entrepreneurial intention can be presented in table 04.

Table 04- Linear model of predictors of entrepreneurial intention- Individualism vs collectivism

	<b><i>b</i></b>	<b>SE B</b>	<b>t</b>	<b>p</b>
Constant	19.130	2.038	9.348	0.000
Individualism and collectivism (centered)	-0.701	0.142	-4.932	0.000
Religious diversity (centered)	7.671	10.206	0.752	0.454
Individualism and collectivism * Religious diversity (centered)	0.599	0.801	0.747	0.457
$R^2 = 0.304$				

According to the moderation analysis results, *b* value for the interaction variable (Individualism and collectivism\* Religious diversity) is 0.599 which is not significant ( $p>0.05$ ) indicating that religious diversity and entrepreneurial intention is not moderated by Individualism and collectivism. In addition to the *b* value of the table, Johnson-Neyman technique result in the PROCESS output state that there is no significant interaction effect of individualism vs collectivism in the relationship between religious diversity and entrepreneurial intentions.

## 6. Discussion and Conclusion

This chapter includes the final discussion and the conclusion of the study. As the first part it summarizes the whole research process followed by the discussion of results, limitations and future research directions.

Entrepreneurship is a field of study that expands to understand individual behaviors as well as aggregate level characteristics. Most of the social cultural variables were concerned in researches to identify different influences on entrepreneurial act among different countries. The current study focuses on identifying the role of religious diversity on shaping the entrepreneurial movements in a country. This is an important topic since the increase in diversities in societies may have different consequences on entrepreneurship. Thus, the objective of this study is to analysis the relationship between religious diversity and entrepreneurial intentions. Cultural diversity has been a research area for explaining the behavioral changes of people in most of the researches. But this study concern more specifically religious diversity on entrepreneurial intentions. As a sub objective of this study, the moderations effect of national culture was studied by using Hofstede's cultural dimensions (i.e. power distance, individualism vs. collectivism). Ordinary Least square linear regression was used to test the first hypothesis i.e. relationship between religious diversity and entrepreneurial intentions. To test the moderating effect, multiple regression with interaction variable was used. In addition to that, PROCESS tools, by Andrew F. Hayes (<http://www.afhayes.com>) in SPSS 23.0 was used to test the level of interaction effect on the relationship between religious diversity and entrepreneurship.

The results of the study provide indication for negative relationship between religious diversity and entrepreneurial intentions. In other words, when religious diversity increases in a society, the intention to start a business will decrease. This could be because, when there is an increase in different religious groups, individuals in the society will claim for different demands from the businesses which will create complexities to carry-out the businesses. These complexities might demotivate people to engage in entrepreneurial behaviors. The results may subject to differences diversity index. That means the study does not consider the major religion in the country. Country's major religion affect the entrepreneurship (Coccia, 2014). This study argued that, if the religious diversity is very low, i.e. most of the population belongs to same religion (if there is predominant religion in the country), the level of entrepreneurship can be explained accordingly to the general impact of such religion on entrepreneurship. But the



current study does not consider the effect of major religion and countries that have major religion show relatively low diversity ratio in the data set. There is a possibility of changes in the result if the study concern about the country's major religion as one of the variable. Entrepreneurial intentions may reflect the direction of association of major religion in a society. For instance, if the country's majority is Christianity (diversity index is low) will motivate entrepreneurial behavior. But when the country's majority is Hindu (diversity index is low) then it will reflect the society which is not conducive for entrepreneurship. Accordingly, the effect of diversity on entrepreneurship is different even though the index value is same because of major religion in the country. So, the overall result of the study may affect for the negative relationship.

This result complies with the results of Rolland (2007) which has found that effect is very little between religious diversity and perceived contribution of entrepreneurship to both society and individual. This study suggest that the relationship between religious diversity and entrepreneurship is not or poorly related. Rolland (2007) concluded that the increase the mix of religions in a society will not affect for the entrepreneurship with a sample from New Zeland. But the current study is cross country analysis with 77 countries and the research context is different in the study. Moreover the the diversity is measured in macro level not in the regional level. Based on the results of the current study, it can be concluded that the negative effect of religious diversity on entrepreneurship is same in the country level.

Although the first hypothesis was supported in the analysis, it is wise to discuss about the data which was used in the study due to possible changes of the results otherwise. For instance, the independent variable, religious diversity was measured by an index calculated from data available in ARDA. When concerning the categorization of religions, Christianity was categorized into one broad category. But literature provides evidence that different groups of Christianity influence entrepreneurship in different ways. For instance, the characteristics of culture encouraged by the Protestantism includes individualism, achievement motivation, legitimation of entrepreneurial vocation, rationality, asceticism and self-reliance (Basu & Altinay, 2002). Accordingly, this work ethic included with hard work, thrift, and self-discipline which serve the adherence for involvement in business and wealth creation which seems to enhance the entrepreneurial actions (Rolland, 2007). But in the data used in the analysis in current study does not concern about the different categories of Christianity and their differences. Thus, the diversity index used in the study was not perfectly reflect the real diversity in some of countries which have majority of Christianity. The study used GEM data

for measuring entrepreneurial intentions. But when considering the sample in the GEM data, it can be identified that most of the countries in the sample are Christian countries. Thus, it poorly represents most of the Muslim countries and those with higher non-religious population. The data points for the current study was based on the data availability and thus it has a problem of not addressing the biasness in the sample.

On the other hand, the current study was not concern about other social and regulatory factors which can affect for the selection of religion in a society. For instance there are some regulations regarding the religion in some countires. Bouma & Ling (2011) argued that societies where religion support social order and socialize persons motivation to produce, attent timetables and cooperate, are not perform well when there is higher religious diversity. That implies that when those countries which have srtict role of religion for shaing the human life will be affectd negatively by the increasing religious diversity and thus it reduce productivity, threaten social cohesion and undermine the social significance of religion. Based on this fact when the study does not concern about the other factors which may directly affect for the changes in certain variables, then the results would change unless it would be.

The results for second and third hypothesis of the study was not supported. That indicated there is no moderation effect of power distance and individualism vs collectivism in the relationship between religious diversity and entrepreneurial intentions. The current study does not concern about the level of cultural differences in a country. The sample is consisted with different countries which have higher rates in cultural dimensions. But when considering the nature of the relationship between religious diversity and cultural dimensions, there is more complex relationship. For instance, not all the countries which have higher religious diversity have higher rate in power distance. Some countries have high power distance and some have low power distance. The current study was not concern about these countries separately in the analysis. In other words, the relationship between independent variable and moderating variable is both directions. Additionally, the measure of religious diversity might be a problem for not supporting the hypothesis of moderation effect. Because. Diversity measure is a measure of heterogeneity which explains what is different and cultural measures the homogeneity which refers to what is similar in the society. These two concepts reflect different nature of arrangements in the society. This might be a problem which affect for not supporting hypothesis in the study. Thus, finally the result shows that there is no any moderating effect of both cultural variables.

The result of the study is useful for the policy makers in formulating policies regarding the religion and the entrepreneurial movements. For instance, since the religious diversity negatively affect for entrepreneurial intention, they should look for how to balance the society which wild conducive for entrepreneurship. On the other hand, they have to make sure about the conflicts that might arise from the diversified society sine different groups demands different qualities in products and services based on their religious beliefs.

### **Limitations of the study**

There are some limitations of the study that the researcher cannot avoid. These limitations are regarding the sample, analysis method etc.

There was problem with adequacy of sample data for the study since the study used three secondary data sources which are publicly available. Firstly, the study used data from GEM. Although there are data over 100 countries in GEM data set on entrepreneurship there is no available data for all the years. To avoid the small sample size the available data for at least two years for the GEM data were used for the analysis as a mean value of available data. Although it seems some biases for the numerous economic and non-economic factors in the same year of the observation, when it comes to the country level analysis, the data was not subject to the world economic crisis etc. because the missing observations are not having consecutive years in all the countries. Further in the calculation of the diversity of religion, the data was captured from the Association of Religion Data Archives (ARDA)'s country profiles. According to the data available in this platform, both Protestant and Catholic of Christianity was categorized under one category. There are significant differences among those two belief systems towards entrepreneurship. But in this research, it was not addressed as two kind of religion but as a one religious category. Future research can be done in this theme when the data sources provide more number of country data which will improve the sample size and thereby improve the researching site.

When perform the analysis, there was limitations for the number of observations that can be used for the study. One of the main challenges of the study was the relevant data scarcity in entrepreneurship research in national level (Zelekha, Avnimelech, & Sharabi, 2014) and this research also underwent through this challenge. Moreover, the revealed number of significant relations results can be subjected to the small sample size since small effects are not detected. Inclusion of multiple observations per country help to increase the power of statistical analysis.

Accordingly, the current research has undergone with the problem of number of observations in the analysis. Thus, the study had a problem with the sample size required for the regression analysis is a limitation for the reliable measure for the model fit since it affect for the normal distribution of the data (Field, 2013).

The current research focused on the cross-country analysis of how religious diversity affect for entrepreneurial intentions. Studying socio cultural factors which might affect for entrepreneurship is an interesting research topic in academics in entrepreneurship. Findings and the limitations the current study generates new research topics that academics can focus. Further on this area.

Future research can be done for studying further how national culture mediate or moderate the relationship between religious diversity and entrepreneurship. Since this study has limitation of considering all the countries together in one group, the findings were not significant and it does not show real picture of how these national culture dimensions relate with religious diversity and entrepreneurship. Additionally, future research can be done using different measures of entrepreneurship than entrepreneurial intentions. For instance, innovations based on the diversified society in terms of religious beliefs.

## References

- Ajzen, I. (1991). The Theory of Planned Behavior . *Organizational Behavior and Human Decision Processes* , 179-211.
- Ajzen, I. (2011). The Theory of Planned Behaviour: Reactions and Reflections. *Psychology and Health*, 1113–1127.
- Audretsch, D. B., Boente, W., & Tamvada, J. P. (2007). Religion and Entrepreneurship. *Jena Economic Research Papers*.
- Audretsch, D. B., Bönte, W., & Tamvada, J. P. (2013). Religion, Social Class and Entrepreneurial Choice. *Journal of Business Venturing* , 774-789.
- Balog, A. M., Baker, L. T., & Walker, A. G. (2014). Religiosity and Spirituality in Entrepreneurship: A Review of Research Agenda. *Journal of Management, Spirituality and Religion*, 159-186.
- Barro, R. J., & McCleary, R. M. (2003). Religion and Economic Growth across Countries. *American Sociological Review*, 760-781.
- Basu, A., & Altinay, E. (2002). Interaction between Culture and Entrepreneurship in London's Immigrant Businesses. *International Small Business Journal*, 371-393.
- Basu, A., & Altinay, E. (2002). The Interaction between Culture and Entrepreneurship in London's Immigrant Businesses. *International Small Business Journal*, 371-393.
- Bellini, E., Ottaviano, G. I., Pinelli, D., & Prarolo, G. (2013). Cultural Diversity and Economic Performance: Evidence from European Regions. In R. Crescenzi, & M. Percoco, *Geography, Institutions and Regional Economic Performance* (pp. 121-141). Springer-Verlag Berlin Heidelberg.
- Bouma, G. D., & Ling, R. (2011). Religious Diversity. In P. B. Clarke, *The Oxford Handbook of the Sociology of Religion* (pp. 1-18). Oxford University Press.
- Carswell, P., & Rolland, D. (2004). The Role of Religion and Entrepreneurship Participation and Perceptions . *International Journal of Entrepreneurship and Small Business*, 280-286.
- Carswell, P., & Rolland, D. (2004). The Role of Religion in Entrepreneurship Participation and Perception. *International Journal of Entrepreneurship and Small Business*, 280-286.
- Coccia, M. (2014). Socio-Cultural Origins of the Patterns of Technological Innovation: What is the Likely Interaction among Religious Culture, Religious Plurality and Innovation? Towards a Theory of Socio-Cultural Drivers of the Patterns of Technological Innovation. *Technology in Society*, 13-25.
- Dana, L. P. (2009). Religion as a Explanatory Variable for Entrepreneurship. *International Journal of Entrepreneurship and Innovation*, 87-99.
- Dana, L.-P. (2010). *Entrepreneurship and Religion*. Cheltenham, UK: Edward Elgar.

- Deneulin, S., & Rakodi, C. (2011). Revisiting Religion: Development Studies Thirty Years On. *World Development* , 45-54.
- Engle, R. L., Dimitriadi, N., Gavidia, J. V., Schlaegel, C., Delanoe, S., Alvarado, I., . . . Wolff, B. (2010). Entrepreneurial Intent; A Twelve-Country Evaluation of Ajzen's Model of Planned Behavior. *International Journal of Entrepreneurial Behavior and Research*, 35-57.
- Field, A. (2013). *Discovering Statistics using IBM SPSS Statistics*. New Delhi: SAGE Publication India Pvt Ltd.
- Freytag, A., & Thurik, R. (2007). Entrepreneurship and its Determinants in a Cross-country Setting. *Journal of Evolutionary Economics*, Springer, 117-131.
- George, G., & Zahra, S. (2002). Culture and its Consequence for Entrepreneurship. *Entrepreneurship Theory and Practice*, 5-9.
- Grid, A., & Bagraim, J. J. (2008). The Theory of Planned Behaviour as Predictor of Entrepreneurial Intent amongst Final-year University Students. *South African Journal of Psychology* , 711-724.
- Guiso, L., Sapienza, P., & Zingales, L. (2006). Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives*, 23-48.
- Guiso, L., Sapienza, P., & Zingales, L. (2006). Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives*, 23-48.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate Data Analysis*. NJ:Prentice Hall: Upper Saddle River.
- Hansmann, K. W., & Ringle, C. M. (2004). *SmartPLS Manual*. Germany : University of Hamburg.
- Hayduk, L. A., & Littvay, L. (2012). Should Researchers Use Single Indicators, Best Indicators, or Multiple Indicators in Structural Equation Models? *BMC Medical Research Methodology* .
- Hayton, J. C., George , G., & Zahra, S. A. (2002). National Culture and Entrepreneurship: A Review of Behavioral Research. *Entrepreneurship Theory and Practice* , 33-52.
- Hemseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The Use of Partial Least Squares Path Modeling in International Marketing. *Advances in International Marketing*, 277-320.
- Henley, A. (2016). Does Religion Influence Entrepreneurial Behavior? *International Small Business Journal*, 1-21.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. Thousand Oaks: CA: Sage.
- Hofstede, G. (2011). Dimensionalizing Cultures: Greet Hofstede Model in Context. *Online Readings in Psychology and Culture*, . <http://dx.doi.org/10.9707/2307-0919.1014>.

- Kautonen, T., Gelderen, M., & Fink, M. (2013). Robustness of the Theory of Planned Behavior in Predicting Entrepreneurial Intentions and Actions. *Entrepreneurship Theory and Practice*, 655-674.
- Kautonen, T., Gelderen, M., & Tornikoski, E. T. (2013). Predicting Entrepreneurial Behavior: A Test of the Theory of Planned Behavior. *Applied Economics*, 697-707.
- Kinjerski, V. M., & Skrypnek, B. J. (2004). Defining Spirit at Work: Finding Common Ground. *Journal of Organizational Change Management*, 26-42.
- Lee, S. M., & Peterson, S. J. (2000). Culture, Entrepreneurial Orientation, and Global Competitiveness. *Journal of World Business*, 401-416.
- Mitchell, R. K., Seawright, K. W., & Morse, E. A. (2000). Cross-cultural Cognitions and the Venture Creation Decision. *Academy of Management Journal*, 974-993.
- Moriano, J. A., Gorgievski, M., Laguna, M., Stephan, U., & Zarafshani, K. (2010). A Cross-Cultural Approach to Understanding Entrepreneurial Intention. *Journal of Career Development*, 1-24.
- Nathan, M., & Lee, N. (2013). Cultural Diversity, Innovation and Entrepreneurship: Firm-level Evidence from London. *Economic Geography*, 367-394.
- Nathen, M., & Lee, N. (2015). Cultural Diversity, Innovation and Entrepreneurship in Transition: Lessons for Policymakers. *IZA Journal of European Labor Studies*, 4-5.
- Nijkamp, P., & Poot, J. (2015). Cultural diversity: a matter of measurement. *IZA Discussion paper*.
- Nikolova, E., & Simroth, D. (2013, May 31). Religious Diversity: Helping or Hindering Entrepreneurs in Transition Countries? Available at SSRN: <https://ssrn.com/abstract=2272615> or <http://dx.doi.org/10.2139/ssrn.2272615>.
- Nikolova, E., & Simroth, D. (2015). Religious Diversity and Entrepreneurship in Transition: Lessons for Policy Makers. *IZA Journal of European Policy Studies*, 1-21.
- Ottaviano, G. I., & Peri, G. (2006). The Economic Value of Cultural Diversity: Evidence from US Cities. *Journal of Economic Geography*, 9-44.
- Petrescu, M. (2013). Marketing Research Using Single-item Indicators in Structural Equation Models. *Journal of Marketing Analytics*, 99-117.
- Pinillos, M., & Reyes, L. (2011). Relationship between Individualist-Collectivist Culture and Entrepreneurial Activity: Evidence from Global Entrepreneurship Monitor. *Small Business Economics*, 23-37.
- Reinartz, W., Haenlein, M., & Henseler, J. (2009). An Empirical Comparison of the Efficacy of Covariance-based SEM. *International Journal of Research in Marketing*, 332-344.
- Rolland, P. C. (2007). Religion and entrepreneurship in New Zealand. *Journal of Enterprising Communities: People and Places in the Global Economy*, 162-174.
- Rupasingha, A., & Chilton, J. (2009). Religious Adherence and County Economic Growth in the US. *Journal of Economic Behavior & Organization*, 438-450.

- Sahin , M., Nijkamp, P., & Baycan-Levent, T. (2007). Multicultural Diversity and Migrant Entrepreneurship: The Case of Netherlands. *ITU A/Z*, 20-44.
- Sekaran, U., & Bougie, R. (2011). *Research Methods for Business: A Skill Building Approach*. India: Aggarwal Printing Press.
- Strauss, A., & Corbin, J. (1990). *Basics of Quantitative Research: Grounded Theory Procedures and Techniques*. Newbury Park, CA: Sage Publications, Inc.
- Tiessen, J. H. (1997). Individualism, Collectivism, and Entrepreneurship: A Framework for International Comparative Research. *Journal of Business Venturing*, 367-384.
- Trivedi, C. (2011). Book Review- Entrepreneurship and Religion by Lio-Paul 2010 (ed). *The Journal of Entrepreneurship*, 273-303.
- van Geldern, M., Brand, M., van Pragg, M., Bodewes, W., Poutsma, E., & van Gils, A. (2008). Explaining Entrepreneurial Intentions by means of the Theory of Planned Behavior. *Career Development International*, 538-559.
- Xavier, S. R., Kelley, D., Kew, J., Herrington, M., & Vorderwülbecke, A. (2012). *Global Entrepreneurship Monitor 2012 Global Report*. GEM.
- Zelekha, Y., Avnimelech, G., & Sharabi, E. (2014). Religious Institutions and Entrepreneurship. *Small Business Economics*, 747-767.



## **APPENDIX**

### REFLECTION PAPER

#### **Main Findings and Conclusions**

I chose this topic because, I am interested in the field of entrepreneurship and wanted to write my master thesis in this area. Master thesis proposals by the professors on the Business school lead me to look for entrepreneurship and impact of religion on entrepreneurship. when I looked at the literature many studies examined the impact of religion on entrepreneurship, I have found that there is a research gap in religious diversity and entrepreneurial intention in a cross country basis. Thus after discussing with my supervisor I have come to a final research problem i.e. do the variations in religious diversity affect for the entrepreneurial intentions in a cross country analysis. Data were collected from online data bases which are popular in the field of entrepreneurship and management. Based in the data availability 77 countries were chosen for the analysis.

Findings of the study provides valuable insights for understanding the factors that motivate or demotivate entrepreneurship in country level. Promoting entrepreneurship in country level is an important policy. The results of the study proved the first hypothesis, i.e. there is a negative relationship between religious diversity and entrepreneurial intention. This means that the challenges of conducting business in a diverse society will discourage individuals to engage in entrepreneurial activities. Through the understanding of negative relationship between religiously diverse societies and entrepreneurial intention, policy makers could rethink about how they should formulate policies that will encourage entrepreneurial activities. Additionally, the study provides indications that national culture does not strengthen or weaken the relationship between religious diversity and entrepreneurial intentions. Thus, the main finding of this study is, people in more religiously diverse societies seems to be less entrepreneurial than people in less diverse societies, regardless of cultural impact.

## **Relatedness of master thesis to the Master's degree course content**

The final course of Master of Business Administration in International Management is the master thesis. I have selected cross country analysis than selecting one context to get the knowledge about how to carry out a research in a cross-country setting. It was a new experience for me to use totally secondary data from different societies. It is important to understand the different countries and characteristics in a degree related to international management. Further, it is essential to understand the cultural differences and how it affect for different behaviors including intention to start a business. Moreover the increase in diversity all around the world requires new studies to nderatand how it will impact for the development of societies.

There were few courses related to entrepreneurship in the whole course of study in the Master's program. For instance, International lab and innovation and design through entrepreneurship. These two courses encourage me to study about the cultural changes and its impact for the entrepreneurial behaviors and intentions. When entering to international market and business, it is better to know about how the cultural elements affect for the entrepreneurial movements.

## **Implications of the Master Thesis experience on my personal and professional development**

The completion of master thesis as a part of master degree has involved me in an interesting and motivating research experience. The followings reflect the implications of the master thesis experience on my personal and professional development.

- Experience of interactions with the supervisor

Masters' thesis is not a task that student should do themselves. This is an opportunity to work with an experienced academic individual to carry out a scientific study. So, I got an opportunity to work with a supervisor who is very friendly and supportive. I could get useful advices and guidelines regarding different aspects of my study and encourages me to think further on different aspects of research. She always suggests me how I can improve my study and how to do it in a good quality. Meetings with my supervisor gave me strength to do my research in a good manner. Additionally, the detailed feedback from e-mails also guided me to do my study

properly. I should mention here that it was nice to work with a friendly supervisor who gave her fullest support for the success of the task.

- Improvement in interpersonal and communication skills, and professional development

During the time of discussing the matters related to master's thesis, I could develop myself to understand and communicate with a person who is from different background. It was very easy to deal with my supervisor and I learned how to talk to students to encouraging them to get them back on the track. Additionally, I could learn how to give comments on someone's work without discouraging them to do the task again like sandwich approach. Further, I could talk to different personalities through my supervisor and get advices for improvement of my thesis.