

Religiosity, Government Favouritism, and Entrepreneurial Intention: Empirical Evidence among University Students in Malaysia

*(Keagamaan, Pilih Kasih Kerajaan, dan Niat Keusahawanan: Bukti Empirikal dalam
Kalangan Pelajar Universiti di Malaysia)*

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ABSTRACT

Religion is no longer isolated from secular activities, including business. Many scholars hold that religious identity plays a vital role in a person's decision whether or not to be an entrepreneur. However, government favouritism for a particular religion could hinder entrepreneurialism amongst believers of other religions. To provide empirical evidence of it, this study examines whether the level of religiosity affects the entrepreneurial intention of individuals, and whether government favouritism influences the entrepreneurial intention of individuals in 'preferred versus non-preferred' religions. We tested our hypotheses using Entrepreneurial Student Survey (ESS) 2018–2019 data from 316 university students in Malaysia, analysed through ordered logit regressions. From the analysis, we found that government favouritism towards Islam has no effect on the entrepreneurial intention of Muslim students, nor does it discourage non-Muslim students from becoming entrepreneurs. Instead, the results show that entrepreneurial intention is strongly influenced by students' religiosity, regardless of the religion. In sum, this research suggests that the contemplation of entrepreneurship is determined by individual religiosity, not the institutional predisposition for religious groups. In terms of the policy implications, it is a strong signal for religious leaders to preach and promote entrepreneurship among their believers.

Keywords: Religion; religiosity; government favouritism; entrepreneurial intention; university students; Malaysia

ABSTRAK

Agama tidak lagi terasing daripada kegiatan sekular termasuk perniagaan. Ramai sarjana berpendapat bahawa identiti agama memainkan peranan penting dalam keputusan seseorang untuk menjadi usahawan atau tidak. Walau bagaimanapun, sikap pilih kasih kerajaan terhadap sesuatu agama boleh menghalang keusahawanan dalam kalangan penganut agama lain. Sebagai bukti empirikal, kajian ini menilai sama ada tahap keagamaan mempengaruhi niat keusahawanan individu dan sama ada pilih kasih kerajaan mempengaruhi niat keusahawanan individu dalam agama yang diutamakan berbanding yang tidak diutamakan. Kami menguji hipotesis menggunakan data Kajian Keusahawanan Pelajar (ESS) 2018-2019 daripada 316 pelajar universiti di Malaysia yang dianalisis melalui regresi logit tertib. Daripada analisis tersebut, kami mendapati bahawa pilih kasih kerajaan terhadap agama Islam tidak mempengaruhi niat keusahawanan pelajar Muslim mahupun menghalang pelajar bukan Islam untuk menjadi usahawan. Sebaliknya, niat keusahawanan sangat dipengaruhi oleh tahap keagamaan pelajar tanpa mengira agama mereka. Ringkasnya, penyelidikan ini menunjukkan bahawa kecenderungan keusahawanan ditentukan oleh keagamaan individu dan bukan disebabkan kecenderungan institusi terhadap sesuatu agama. Dari segi implikasi terhadap polisi, ia memberi isyarat jelas kepada pemimpin agama untuk berdakwah dan mempromosi keusahawanan dalam kalangan penganut mereka.

Kata kunci: Agama; keagamaan; pilih kasih kerajaan; niat keusahawanan; pelajar universiti; Malaysia

Received 07 October 2021; Accepted 28 March 2023

INTRODUCTION

Entrepreneurship is a comprehensive domain both in academia and practice. From the many definitions offered, entrepreneurship is mostly understood as any attempt at a new business or new venture creation by an individual, a team, or an established business (Global Entrepreneurship Monitor (GEM) 2016). Thus, as an

occupation choice, (potential) entrepreneurs commonly refer to individuals who (intend) start or own a business as self-employees or owner-managers (Van Praag & Versloot 2007). Although scholars argue that not everyone becomes an entrepreneur for the same reason (to pursue a business opportunity or simply because there are no other jobs) (Fairlie et al. 2019); entrepreneurship is deemed to be the key driver of economic development

in most countries through job creation (Naudé 2013), innovation (Terjesen et al. 2016), and productivity (Bjørnskov & Foss 2016).

Accordingly, researchers have investigated various factors that promote entrepreneurship. At the individual level, the literature focuses on personality traits that distinguish entrepreneurs from non-entrepreneurs such as locus of control, risk taking, and self-reliance (Omoredede et al. 2015). Recently, scholars have shifted their interest into exploring the role of religion in career choice, particularly whether or not to become an entrepreneur (Audrestsch et al. 2013). These efforts mark a contrary move against the popular belief that the global population today lives in an increasingly secular modern society. Instead, religion has been found to be a strong predictor of individual employment (Ayob & Mohd Nor 2022; Ayob & Saiyed 2020; Henley 2017).

Besides, this line of research is still at an embryonic stage whereas the theoretical lenses and empirical evidence remain inconclusive (Zelekha et al. 2014). For example, Audrestsch et al. (2013) found that Muslims and Hindus are more likely to be entrepreneurs in India, but Zelekha et al. (2014) discovered otherwise using cross-country data. This discrepancy suggests that affiliation with a particular religious group would not entirely predict a believer's career decision. Rather, we argue that entrepreneurial intention (EI) is better explained by whether someone follows the tenets of his or her religion.

While the interest in becoming an entrepreneur is largely an individual choice, the associated trade-offs are conditioned by external-country factors (Levie & Autio 2011). As an institution, religion is considered a means to disseminate a cultural value system that influences the behaviour of a country's citizens (Henley 2017). For instance, Grim et al. (2014) found that countries with more religious freedom show greater economic growth. Although those works offer a great deal of insight, little is known about the counter-effect of unfavourable religious institutions: does government favouritism towards a specific religion benefit the believers in that religion than the believers in less-favoured religions?

Synthesising religion as a self-identity and an institutional variable, this study advances the literature on sociology-entrepreneurship by examining the relationship between religious affiliation (Islam, Christian, Buddhism, and Hinduism) and EI, and the relationship between religiosity and EI. Our empirical approach is twofold. First, we test our hypotheses amongst university students. Predicting EI amongst university students is not uncommon in the literature (Al-Jubari et al. 2019). The main reason is because they possess strong intellectual and entrepreneurial capacity to lead the future of a country (Bird 2015; Krueger et al. 2000; Sieger et al. 2016). This also makes university students a valuable group for both research exploration and policy implication (Bergmann et al. 2016).

Second, we conducted our survey in one of the most religiously and racially diverse countries in the world,

Malaysia (Alesina et al. 2003). According to Democracy Index 2019 by the Economist Intelligence Unit, Malaysia is ranked 43rd of 167 countries in the world in terms of democracy in electoral process, civil liberties, government functions, political participation, and political culture. However, the Government Favouritism of Religion Index from the Association of Religious Data Archives, ARDA (2003–2008) for Malaysia is very high, 8 out of 10, comparable to countries like Bolivia and Iraq. In other words, although Malaysia is a politically democratic country, its strong favouritism towards Islam as an official religion potentially leaves other religions unprotected. 60% of Malaysia's 32 million citizens are Muslim, 20% are Buddhists, 10% are Christians and 6% are Hindus. This disproportionate representation of religions could contribute to privileged treatment by the Malaysian government towards Muslim, which will be explained in the next section.

This research contributes to both academics and practitioners in several ways. It advances the literature on the linkage between religion and entrepreneurship by testing on the effect of religiosity (rather than considering religion simply as a social affiliation) on the EI. This study argues that religious belief is indeed a vital part of personal identity where individuals are expected to fulfil their religious obligations, thus influences career decision (Weaver & Agle 2002). In addition, it integrates individual-institutional religious domains by exploring the EI amongst adherents of protected versus unprotected religions. The empirical setting in this research unravels a controversial yet critical social issue of government favouritism, a theme that is barely discussed explicitly. In terms of the managerial implications, this research would shed light on the role of government as a partial-religious institution in influencing individual decision. Also, it provides empirical evidence to evaluate the outcome of New Economy Policy (NEP) in terms entrepreneurial participation across ethnicities in Malaysia.

The study proceeds as follows. The next section discusses the theoretical framework leading to the hypotheses we propose to test. The third section describes the sample and our statistical approach. The fourth section presents the findings of the empirical analysis. Finally, the fifth section discusses the results and provides some conclusions, implications for policymakers, and avenues for further research.

LITERATURE REVIEW

CRITICAL PERSPECTIVE ON (DETERMINANTS OF) ENTREPRENEURIAL INTENTION

The term 'entrepreneurship' has attracted a great interest amongst academics and policy-makers. It has been defined ambiguously as a psychological behaviour (Ferreira et al. 2012) or an occupational option (Henrekson & Sanandaji 2014). Apart from the GEM

definition, another widely used meaning is Shane and Venkataraman's (2000) description of entrepreneurship as a set of behaviours which includes the exploration of opportunities, innovation and value creation.

Entrepreneurial intention (EI) is one of the dominant constructs for measuring entrepreneurship. It captures an individual's intention to start a business (Krueger et al. 2000). More comprehensively, EI describes a process, state, or act of conscious willingness in the present to make some experience become true, manifested, or realised in the future. Thus, intentions can be in a form of 'to do', 'to be' or 'to have' (Bird 2015). This also reflects that entrepreneurship is a planned and intentional act (López-Núñez et al. 2020).

Following suit, empirical research has drawn on prominent EI frameworks (Ajzen 1987; Shapero 1982). Summarising the abundance research on entrepreneurial predictors, Simoes et al. (2016) grouped them into seven categories: basic individual characteristics (gender, age, marital status, and number of children), family background (parents and spouse), personality characteristics (risk attitude and other psychological traits), human capital (education and experience), health condition, nationality or ethnicity, and access to financial resources. Indeed, research on determinants of EI at the individual level has been progressed for many years.

However, research on country-level EI predictors is still limited that literature still overlooks the importance of institutional and policy environment for business ventures (Angulo-Guerrero et al. 2017). Despite that, several notable works have provided interesting avenues for research on the effects of institutional variables on entrepreneurship. Institution is categorised as formal (political, economic, and legal system) and informal (ideas, beliefs, attitudes, and values of the society) which can either support or thwart entrepreneurial activity in a country (North 1990). Accordingly, institutions such as rule of law (Acs et al. 2008) and entrepreneurial culture (Hechavarria 2016) are found to be positively associated with a country's rate of entrepreneurship. Therefore, governments should strive to improve the quality of institutions in order to foster economic growth.

For that, this study draws on the institutional theory that posits human behavior, including the entrepreneurial venture, does not happen in an institutional vacuum (North 1990; Williamson 2000). Instead, it is an individual response to the institutional framework of a country (Levie & Autio 2011). The theory proposes two types of institutions: formal and informal. The former includes "planned rules" such as political, economic, and legal systems, whilst the latter refers to "soft rules" such as the culture that has been embedded in a society for generations. Extending this, the study argues that the socio-economic policy in the country would have an effect towards the propensity of the citizens to venture into business.

THE LINK BETWEEN RELIGION AND ENTREPRENEURSHIP: INDIVIDUAL AND INSTITUTIONAL PERSPECTIVES

Although the literature has made substantial progress on individual-country determinants of EI, the influence of religion remains under-researched (Zelekha et al. 2014). To progress, researchers need to refine religion as a research theme that no longer isolates from secular topics like entrepreneurship (Henley 2017). More importantly, more studies must be conducted to explore the ways in which religions might stimulate business formation at the individual and macro levels (Balog et al. 2014). The ongoing research on this course does not necessarily evaluate the teachings of a particular religion, but rather the ways in which the teachings are interpreted and embraced, subsequently influence the behaviour of adherents (Henley 2017).

At the individual level, a religious affiliation is a source of identity wherein a person learns to follow the teachings (Henley 2017). Religion can play a vital role in entrepreneurship by promoting certain values associated with the creation of a venture, such as a focus on achievement, risk tolerance, and self-reliance (Audrestsch et al. 2013). Another mechanism is for a religious institution to recognise and endorse successful businesspeople as role models (Ayob & Saiyed 2020). This would alleviate the common perception that religion and secular business activities are incompatible and mutually exclusive. Instead, a low EI is expected amongst members of a religion that does not consider achievement in worldly matters, such as business transactions, as a religious undertaking.

At the macro level, religious identity is manifested through wider cultural and social values (Beckford 2003). Religions would not only promote or inhibit individual action but also disseminate a particular value system (Henley 2017). Hence, in this paper, we conceptualise religion as more than merely a source of self-identification, but also as an institution that delineates collective entrepreneurial activities in a country (Henley 2017). Therefore, governments must ensure that national policies protect the interests of all citizens without marginalising any subgroup, especially the minorities. We argue that if the policies are perceived as favourable only to a particular religion, this would likely deter members of other religions from venturing into entrepreneurship.

Prior studies on religion-entrepreneurship have drawn on two dominant theories: Social Cognitive Theory (Wood & Bandura 1989) and Human Capital Theory. The former emphasizes on the interlinkage between cognitive, values, environmental determinants, and subsequent individual behavior. To apply, the theory suggests that entrepreneurship requires cognitive and behavioral for inventing, flicking, and spreading new ventures (Bodolica & Spraggon 2021). Next, the latter highlights on skills and knowledge that one acquires

through formal education as well as accumulated experience. Thus, religion serves as a source of education and experience for triggering the interest of individuals for becoming entrepreneurs.

GOVERNMENT FAVOURITISM TOWARD RELIGIONS IN MALAYSIA

Malaysia is a country that identifies ethnicity by religion. In fact, the identification of ethnicity by religion is a core pillar in the Constitution of Malaysia whereas a Malay refers to someone who professes the Islamic religion, habitually speaks the Malay language, practices Malay culture, and for whom at least one parent is a descendant of the people of the Malay Peninsula or Singapore (Constitution of Malaysia, Article 160, No. 2).

Accordingly, economic activities in Malaysia have been historically segregated along the racial lines whereas different ethnic groups dominate different sectors (Minai & Lucky 2011). For example, Indian-Hindus are highly represented as professionals despite being the smallest group (Shome & Hamidon 2009), meanwhile, Chinese-Buddhist have traditionally owned most of business enterprises (Omar 2006). As a result, although Malay Muslims are recognised as the original settlers of Malaysia, their economic activity concentrates in rural areas that resulted in lower economic position than other ethnic groups.

According to the Malaysian Business Report 1991, Chinese owned 50% of equity in construction, 82% in wholesale trade, 58% in retail trade and 40% in manufacturing sector (Gomez et al. 2004). Over a decade later, in 2006, Chinese people still enjoyed 42% of share of capital compared to Malay-Muslims with only 19% as reported in the mid-term review of the 9th Malaysia Plan 2006-2010. In fact, the poor performance of Malays in business activities despite their political dominance is persistent since Malaysia became independent from British colonial rule on August 1957. The number of Malay entrepreneurs is not only small but mainly relegated to traditional sectors such as agriculture and mining, which are struggling to keep up with more high value industries (Shome & Hamidon 2009).

The introduction of New Economy Policy NEP under a Second Malaysia Five-Year Economic Plan (1971–1975) was an admirable attempt to solve this inequality problem. The NEP aimed to eradicate poverty by increasing income and employment prospects for all Malaysians regardless of race, ethnicity, or religion. In fact, the government regarded the NEP as a timely formula for entrepreneurial development (Shome & Hamidon 2009). However, the secondary and more controversial goal of the NEP was to improve the economic prosperity of the Malay ethnic group (Jomo & Sundaram 2004). Among its significant initiatives was the establishment of Bumiputera (Indigenous Muslim-Malay) Entrepreneurial Project Fund that provides low-cost financing for Malay

SMEs to carry out new or existing projects. In addition, government-linked companies with a similar objective were established such as the Council of Trust for the Bumiputera (MARA), the National Corporation Ltd, the State Economic Development Corporations, the Urban Development Authority, and the Malaysian Industrial Development Finance Ltd in order to increase Malay participation in commercial industries. Malay-Muslims were also given privileged access to ownership and business opportunities in both public and private sector (von Braun & Thorat 2014).

All of these outcomes showed Malay-Muslims as an advantaged group and the main beneficiaries of the policy. On the other hand, members of other ethnic groups were required to take up extra efforts in overcoming the structural barriers to the development of their business enterprises (Xavier & Gomez 2018). For example, many Indian or Chinese small entrepreneurs are disadvantaged by being denied a business licence (Maqni 2016). Yet, Chinese owner managers retain more than 80% of the total owner-manager share in the country, largely supported by a strong network in the Chinese community (Minai et al. 2012). In sum, the NEP is a strategic government initiative that implicitly aims to increase Malay equity in business-economic activities of the country.

For this reason, the NEP efforts were criticised to be a government special preference for Malay-Muslims majority indigenous people. The bias in the NEP policy was denounced by non-Malay leaders for its failure to address the well-being of other ethnics such as Chinese new village residents and Indian plantation labourers (Koon 1997). Although the NEP preferential to Malay-Muslims is not explicitly mentioned, it is obvious in practice. People of other ethnicities and religions largely consider the NEP as a form of ethnic discrimination or cultural oppression that violates their rights as citizens (Jomo & Sundaram 2004).

The NEP officially ended in 1990. It has nevertheless increased the income of all ethnic groups. According to Department of Statistics Malaysia, the mean income of Malay-Muslims increased from RM736 in 1970 to RM5442 in 2016. Unfortunately, income disparity across races remains significant despite a narrowing wage gap between Malays and Chinese from 43% in 1970 to 28% in 2016. Therefore, the strengthening of Malay-Muslim entrepreneurship has continuously become a hallmark of economic development in the country. Government has subtly intervened even in university entrepreneurship programs. Although public programs for encouraging entrepreneurship in the higher institutions are open to all students, Malay-Muslim students are offered additional assistance. For example, the Junior Indigenous Youth Entrepreneurship programme under the Ministry of Entrepreneur Development and Cooperatives has initiated in 2014 to encourage Malay-Muslim youth for exploring business opportunities. In 2017, the National Entrepreneur Corporation's Budding Scheme has allocated RM1 million to recruit 100 entrepreneurs

only amongst Malay-Muslim university students. Lastly, many programs have been organized by the MARA for assisting Malay-Muslim students in starting a business. In other word, the implementation of Malay-Muslims preferential policies has also reached the student community, thus possibly affecting EI among Malaysia's university students.

Deriving from the history of the NEP and subsequent policies-practices, we argue that Muslims in Malaysia have privileged access to more financial aid and government assistance than people of other ethnicities. These benefits stimulate their intentions to consider entrepreneurship.

- H1a Muslims are more interested to become entrepreneurs in Malaysia.
- H1b Christians are less interested to become entrepreneurs in Malaysia.
- H1c Buddhists are less interested to become entrepreneurs in Malaysia.
- H1d Hindus are less interested to become entrepreneurs in Malaysia.

LEVELS OF RELIGIOSITY AND ENTREPRENEURIAL INTENTION

Scholars in different fields have approached religiosity from different perspectives (Seabright 2016). For example, theologians emphasise belief and faith, psychologists focus on devotion and piety, whilst sociologists look at religious membership or service attendance.

The ARDA reports on dynamics in several religious dimensions amongst Malaysians in 2005 and 2012. For example, only 53.7% of Malaysians identified themselves as religious in 2012, a dramatic drop from 89.1% in 2005. In addition, 31.7% of Malaysians believe that they depend too much on science and not enough on faith, a decrease from 58.2%; whilst 53.5% often think about meaning and purpose of life, a sharp increase from 23.7%.

In short, religiosity among Malaysian is not straightforward. Most Malaysians are religious in terms of belief and attitudes (98.4% believe in God and 96.8% consider religion as important) but quite moderate in term of religious practices (64.4% attend religious services at least once a month and only 14.5% are active in a religious organisation).

Although at the institutional level, we propose that Muslims than non-Muslims are interested to become entrepreneurs, it does not mean that Christians, Buddhists and Hindus are uninterested in entrepreneurship. Instead, we argue that EI is indeed varied amongst the members of all religions at the individual level. In other words, regardless of religion, people who consider themselves as religious would be more likely to contemplate

entrepreneurship. This proposition is based on the teaching about entrepreneurship in all religions.

For Muslims, some studies contradicted the prevalent Western beliefs that Islam holds unfavourable attitudes toward secular private ownership of business. Instead, the authentic teaching actually acknowledges the importance of entrepreneurship as a major source of income in this worldly life (Ramadani et al. 2015). In fact, doing business can be a spiritual means to seek eventual success in the afterlife (Ghoul 2011; Gümüşay 2014). Theologians agree that Islamic teaching urges Muslims to be active, hardworking, innovative, and persistent in accumulating wealth through the permitted use of resources and honest in pursuing opportunities, all of which are entrepreneurial traits (Audrestsch et al. 2013; Ramadani et al. 2015). Hence, entrepreneurship from an Islamic lens emphasises three aspects: the pursuit of opportunities; ethical practices guided by a set of norms, values, and recommendations; and religious-spiritual acts that connect people to God (Gümüşay 2014).

Second, studying many interpretations of Christianity leads us to stipulate that religious adherents would more likely become entrepreneurs, regardless of the Catholic or Protestant denomination. In principle, Christianity encourages self-employment as entrepreneurship appears in both the Hebrew and New Testament scriptures (Percy 2010). Christianity legitimises entrepreneurship by encouraging a spirit of individualism and self-initiative, which are entrepreneurial traits (Weber 1930).

Next, Buddhist philosophy on entrepreneurship stems from the principles of the Eightfold Path, which urges believers to act noble unto others and alleviate suffering in the world through the virtue of loving-kindness (Thathong 2012). Buddhism also emphasizes nonaggression that preserves community harmony and loyalty (Suen et al. 2007). In other words, Buddhism's approach to entrepreneurship is slightly different from conventional capitalism. Rather, Buddhist teaching promotes an avoidance of conflict while doing business, which fits best with business models such as cooperatives and community ventures. In Buddhism, the function of an entrepreneur is to exercise moral obligations through economic means (Valliere 2008). Thus, it is not entirely correct to say that Buddhism discourages entrepreneurship (Audrestsch et al. 2013).

Lastly, some early studies suggested that Hinduism deters its adherents from business careers, contemporary research has found otherwise. Earlier research drew heavily on the Hindu caste system, a social class hierarchy that prevents members of certain groups from freely seeking employment (Audrestsch et al. 2013). However, researchers now contend that Hinduism practices have made substantial progress. Vinod (2012) suggested that contrary to popular belief, the caste system is actually conducive to the social capital development of risk-sharing and stimulates entrepreneurship. In fact, studies have postulated that the Hindu work ethics are quite similar with of Protestant (Zelekha et al. 2014). Some

qualities of entrepreneurship indeed exist in Hinduism, such as a strong emphasis on free competition, morality, and the possession of wealth (Vinod 2012). Similarly, Shukla (2007) claimed that Hinduism is conducive to careers in business and Christopher (2011) argued that Hinduism promotes entrepreneurship by encouraging believers to translate their personal religious values into self-employment.

- H_{2a} Stronger religiosity among Muslims in Malaysia is positively related to an intention to become entrepreneurs.
- H_{2b} Stronger religiosity among Christians in Malaysia is positively related to an intention to become entrepreneurs.
- H_{2c} Stronger religiosity among Buddhists in Malaysia is positively related to an intention to become entrepreneurs.
- H_{2d} Stronger religiosity among Hindus in Malaysia is positively related to an intention to become entrepreneurs.

DATA

This paper uses data from the Entrepreneurship Student Survey (ESS) 2018–2019, intended to capture a national representative sample of Malaysian university students. ESS data was collected by a group of researchers from the Faculty of Economics and Management, the National University of Malaysia with funding from the Fundamental Research Grant Scheme (FRGS), Ministry of Education Malaysia.

The ESS was conducted through an online platform among undergraduate students across all study fields and universities in Malaysia. Therefore, the ESS data is particularly suitable to acquire the objectives of this study because it is the most recent and comprehensive data set that contains relevant information on students' entrepreneurial behaviour. The ESS also collected information on other associated variables, such as demographics and academic performance.

In the survey, the respondents were asked: (1) "Have you seriously thought about creating your own business?" (Veciana et al. 2005) for measuring EI, and (2) "Whether you attend religious services or not, would you say you are religious?" following a similar question asked in the World Values Survey for capturing level of religiosity.

MODEL SPECIFICATION

This study employed an order logit regression to examine the relationship among four religions (Islam, Christianity, Buddhism, and Hinduism), level of religiosity, and the EI. The order logit regression is an extension of the standard logit regression for an ordinal response variable, mostly appropriate to test hypotheses 1 and 2

of this study because the dependent variables of EI and level of religiosity are measured on a five-point Likert scale (from the least to the most likely). In other words, the ordinal logistic model considers a set of dichotomies, one for each possible cut-off of the response categories.

The model is based on the cumulative probabilities of the response variables. Specifically, the logit of each cumulative probability is assumed to be a linear function of the covariates with regression coefficients constant across responses. Let Y be the ordinal response variable with possible value of 1 to 5 and X the vector set of independent predictor variables. Thus, the ordered logit regression model of the effect of religion on the intention to become an entrepreneur is as follows:

$$p_j(x) = P(Y \leq j | X = x); \text{ satisfies an ordered logit regression as follows:}$$

$$\log\left(\frac{p_j(x)}{1-p_j(x)}\right) = \alpha_j + \beta'x + \varepsilon, \text{ for any } j \text{ that takes value from 1 to 5.}$$

For both regressions, the models controlled for the other demographic factors of age, gender, academic performance (CGPA), study field (business-related fields or not), and family background (at least one family member is currently an entrepreneur or not). All these controls are expected to be heterogeneous across observations. Therefore, their inclusion is important to control a significant variation in the individuals. Furthermore, most of the demographic variables demonstrate strong relationship with EI and level of religiosity. This strategy would produce the sole effect of interested variable.

The first ordered logit regression, for testing hypothesis 1, used a full sample with religion as the main dummy variable. The goal was to identify the extent to which religion affects students' intention to become entrepreneurs. The regression equation is as follows:

$$\log\left(\frac{p_j(x)}{1-p_j(x)}\right) = \alpha_j + \beta'x + \beta_k \text{Religion}_i + \varepsilon$$

Next, the study postulated that level of religiosity affects EI. Therefore, the second ordered logit regression, for testing hypothesis 2, used each religion as a subsample to identify the effect of religiosity on intention to become entrepreneurs. The regression equation is as follows:

$$\log\left(\frac{p_j(x)}{1-p_j(x)}\right) = \alpha_j + \beta'x + \beta_k \text{Religiosity}_i + \varepsilon$$

RESULTS

Table 1 shows a summary of statistics from the ESS. The average age of respondents was between 21 and 22 years old, with a mean cumulative grade point average (CGPA) of 3.00 to 3.50 over 4.00. There was an almost equal distribution of respondents by religion, with Islam

representing 29% of the sample, followed by Buddhism (25%), Hinduism (24%), and Christianity (22%). However, the ESS respondents were mostly female

(70%) and from non-business-related programs (70%). Also, most respondents (66%) reported that at least one family member is an entrepreneur.

TABLE 1. ESS summary statistics

Variable	Mean	Description
Age	2.3481	1= <20yo, 2=20&21yo, 3=22&23yo, 4= >23yo
Gender	0.3101	0= Female, 1= Male
CGPA	2.1139	1= <3.00, 2= 3.00-3.50, 3= >3.5
Course	0.3101	0= Non-business, 1= Business
Family	0.6646	0= No, 1= Yes
Islam	0.2911	0= No, 1= Yes
Christian	0.2152	0= No, 1= Yes
Buddha	0.2532	0= No, 1= Yes
Hindu	0.2405	0= No, 1= Yes

Figure 1 shows the respondents’ likelihood of becoming entrepreneurs. A majority of the respondents considered themselves “more likely” (59%) and “most likely” (23%) to be entrepreneurs. Only 18% indicated a small likelihood of being entrepreneurs. Generally, the large likelihood of being an entrepreneur in the sample suggests that Islam’s status as the official religion of Malaysia has neither favoured Muslims nor discouraged entrepreneurialism in adherents of other religions.

Table 2 displays a distribution of religiosity by religion. The share of religiosity across religions

is homogenous whereas very religious individuals dominated for all religions. Table 3 exhibits a relationship between respondents’ religiosity and their entrepreneurial intentions. Clearly, most ‘quite’ and ‘very’ religious people were more likely to be entrepreneurs. In a similar vein, none of the individuals who were “very least religious” expressed an intention to become an entrepreneur. This indicates that the development of entrepreneurial contemplation becomes more visible if the individuals are religious. In contrast, extraordinary efforts are required to develop entrepreneurial interest among people who are less religious.

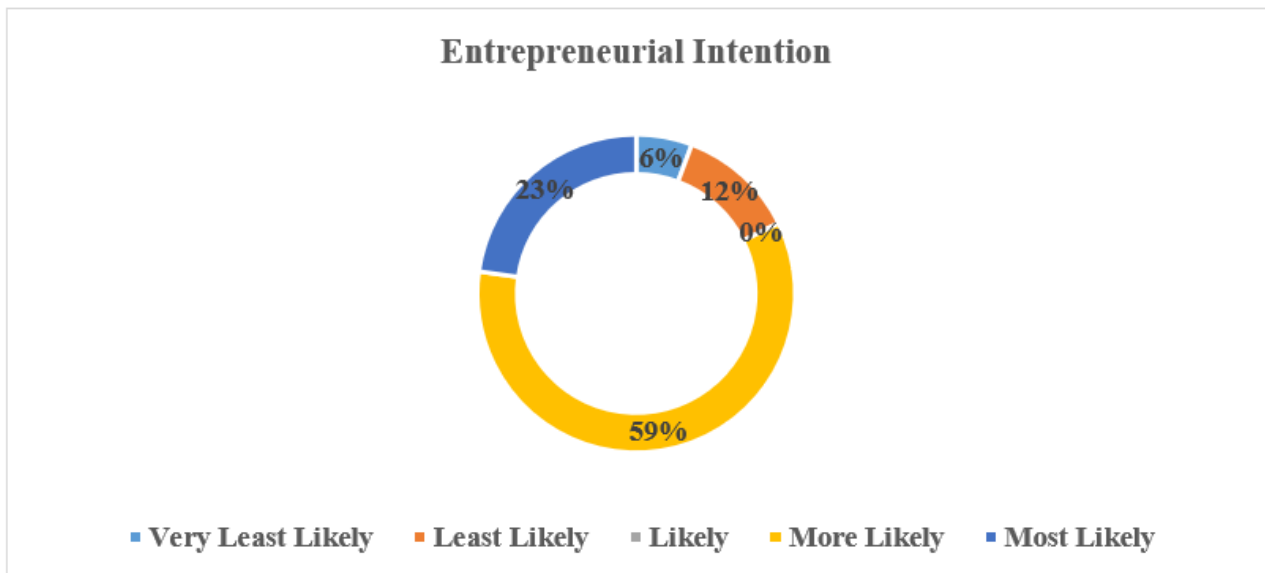


FIGURE 1. Distribution of entrepreneurial intention

TABLE 2. Relationship between level of religiosity and entrepreneurial intention

Level of religiosity	Very least religious	Least religious	Moderate	Quite religious	Very religious
Islam	2	6	0	48	24
Christian	0	2	0	50	16
Buddha	6	6	0	44	20
Hindu	0	2	0	56	34

TABLE 3. Distribution of entrepreneurial intention by religion

Entrepreneurial intention	Very least likely	Least likely	Likely	More likely	Most likely
Very least religious	4	4	0	0	0
Least religious	2	8	0	6	0
Moderately religious	0	0	0	0	0
Quite religious	12	26	0	118	42
Very religious	0	0	0	64	30

Table 4 shows an ordered logit regression model of the effects of religion on the intention to become an entrepreneur. There were 316 observations. The effect of religion on the decision to become an entrepreneur was found to be significant only for Christians, violating hypothesis 1. In other words, being a Christian in Malaysia increases the likelihood of being an entrepreneur. Thus,

the arguments of Audretsch et al. (2013) and Zelekha et al. (2014) that the tendency to become an entrepreneur is attributed to the religion of a person is only valid for Christians in a multi-religious country like Malaysia. Although government policies in Malaysia are perceived as biased toward Islam, there is no clear evidence that they have motivated more Muslims to become entrepreneurs or prevented non-Muslims from doing likewise.

TABLE 4. Order logit regression of entrepreneurial intention by religion (N = 316)

Variable	Coefficient (S.E)	Coefficient (S.E)	Coefficient (S.E)	Coefficient (S.E)
Age	0.3054** (0.1236)	0.2999* * (0.1233)	0.2962** (0.1240)	0.2977** (0.1236)
Gender	0.3026 (0.2478)	0.2761 (0.2455)	0.2773 (0.2460)	0.2738 (0.2470)
CGPA	0.2282 (0.2105)	0.2079 (0.2103)	0.2574 (0.2122)	0.2148 (0.2092)
Course	0.8419*** (0.2881)	0.6877*** (0.2544)	0.8727*** (0.2561)	0.7428*** (0.2516)
Family	0.9007*** (0.2512)	0.8327*** (0.2538)	0.7930*** (0.2535)	0.8824*** (0.2510)
Islam	-0.1845 (0.2886)			
Christian		0.6485** (0.2903)		
Buddha			-0.3381 (0.2675)	
Hindu				-0.0585 (0.2634)
Pseudo R ²	0.0439	0.0508	0.0457	0.0434

Note: *** p < 0.001, ** p < 0.01, * p < 0.05 (two-tailed).

Lastly, the study analysed the extent to which the level of religiosity determines students' EI, testing hypothesis 2. Table 5 shows an ordered logit regression of the intention to become an entrepreneur for the level of religiosity for each religion. The result reveals that religiosity has a positive relationship with the decision to become an entrepreneur for all religions, supporting hypothesis 2; similarly demonstrated in Ayob and Mohd

Nor (2022). The likelihood of being an entrepreneur increases as students of all religions become more religious. Hence, the decision to become an entrepreneur does not conflict with religiosity but rather harmonises well. As the level of religiosity grows, it simultaneously fuels interest for becoming entrepreneurs upon graduation among students.

TABLE 5. Order logit regression of entrepreneurial intention on level of religiosity

Variable	Islam	Christian	Buddha	Hindu
Age	0.5277* (0.2704)	-0.2595 (0.2875)	0.5134 (0.3179)	0.9829*** (0.3353)
Gender	-0.6072 (0.4795)	2.5501*** (0.6947)	-0.5620 (0.5825)	0.9981 (0.6772)
CGPA	0.0516 (0.5228)	-1.9470*** (0.6681)	0.6804 (0.4725)	-1.0121* (0.5682)
Course	-0.4886 (0.5513)	0.7239 (0.8658)	1.1277 (0.7572)	0.1512 (0.8049)
Family	1.4457** (0.6008)	-0.9763 (0.7475)	-0.4095 (0.5257)	1.6715** (0.7644)
Religiosity	0.8041** (0.3881)	2.0373*** (0.5494)	1.1203*** (0.3275)	2.1953*** (0.4316)
Pseudo R2	0.1117	0.2771	0.1417	0.3646
N	92	68	80	76

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$ (two-tailed).

CONCLUSION

As both academics and practitioners have generally accepted the notion that religious identity is an influential predictor of entrepreneurial behaviour, there is even more demand to study within a particular contextual setting. Specifically, there is a dearth of knowledge about whether merely being a member of a certain religious denomination is enough to explain individuals' inclination toward entrepreneurship (or the real cause is actually the internalisation of the teachings amongst the adherents), and whether individuals' interest would be discouraged if their religion were discriminated against by the government.

To offer contextual evidence, this research studies a real case of religious favouritism in Malaysia and its effect on the country's entrepreneurial landscape. Although Malaysia is a politically democratic country, the government has a clear preference for Muslim communities over other groups as seen in many initiatives under the NEP. Our study therefore attempts to empirically examine if the government favouritism affected EI amongst university students in the country.

Synthesising the theme of individual religiosity and government favouritism, this study specifically examined the relationship among Islam, Christianity, Buddhism,

and Hinduism—and EI of their believers among 316 university students. It also investigated the effects of religiosity on the intention to become entrepreneurs among believers in each religion. This study offers a nuanced understanding of individual and institutional variables to explain the link between religion and entrepreneurship.

The empirical model clearly demonstrated that the Malaysian government's preference for Islam has neither motivated Muslims to form businesses nor discouraged non-Muslims from doing so. Instead, EI cannot be explained solely by the religious affiliation (except for Christians for whom there was a significant effect). There is a possible explanation for this - through a refined economic policy of the National Development Policy 1991, the focus is shifted onto a national unity to strengthen political, economic, and social stability across all ethnicities. Due of this, all citizens of Malaysia have equal rights and access to facilities and support from the government. As a result, no entrepreneurial involvement can be profiled based on religious affiliation.

If religious affiliation does not predict entrepreneurship, then what does? Our second analysis provides evidence that one's religiosity, regardless of religion, is a more prominent factor in explaining EI.

It was found consistently that as individuals become more religious, they develop attributes that stimulate the interest in entrepreneurship (Ayob & Mohd Nor 2022).

Our study offers several theoretical and empirical contributions. Foremost, it advances literature in the individual- and country-level determinants of EI. Although many researchers argue that predictors at both levels are equally important, our analysis suggests otherwise. In the context of religion as exogenous variable, we found that individual religiosity is more influential than institutional religious context. Our empirical approach also contributes in a distinct context of a highly religious-diversified country, Malaysia. The results clearly demonstrate that the NEP, though heavily been criticised for favouring Muslims, has shown no effect on entrepreneurial venture prospect among educated young citizens. Regardless of individual religious affiliation, our study suggests that the dominant factor encouraging involvement in new business is the ability to understand religious tenets, internalise them, and translate them into economic efforts.

In terms of the managerial and policy implications, this research posits that the government has little control over individuals' intention to become entrepreneurs (which is rather determined by personal religious belief). Hence, the role has shifted to mosques, churches, and temples, whereas the religious leaders should preach and promote entrepreneurship among their believers. In Malaysia, this study provides empirical evidence to respond to the critics that the NEP is indeed not a discriminative public policy as it does not promote economic activities only among Muslims. This result together with other supporting secondary data suggests that no groups have been marginalised by the policy as the intention to venture into entrepreneurship remains popular amongst all of Malaysia's ethnic groups.

ACKNOWLEDGEMENT

This research is supported by the Fundamental Research Grant Scheme, Ministry of Higher Education Malaysia FRGS/1/2018/SS03//UKM/02/7

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