



Integrating the Theory of Planned Behavior and Islamic Business Ethics: Predicting Entrepreneurial Intention Among Muslim Generation Z

Rina Nur Shabrina^{1*}, Sufyati HS², Tati Handayani³, Elia Erna Nurdiani⁴, Diyah Ariyani⁵

^{1,2,3}Department of Islamic Economics, Faculty of Economics and Business, Universitas Pembangunan Nasional Veteran Jakarta-Indonesia,

⁴Department of Management, Faculty of Economics and Business, Universitas Pembangunan Nasional Veteran Jakarta-Indonesia,

⁵Islamic Economics Study Program, Faculty of Islamic Economics and Business, Islamic State University of Salatiga-Indonesia

*Corresponding Author: rnshabrina@upnvj.ac.id

ABSTRACT

This research investigates the core drivers of business startup intentions among young Indonesian Muslims from Generation Z, merging the Theory of Planned Behavior framework with Islamic ethical principles. Facing projected rises in national unemployment, youth entrepreneurship is evaluated as a vital catalyst for economic productivity and societal balance. Applying a quantitative design through Partial Least Squares Structural Equation Modeling, data from 180 purposively selected respondents were examined. The structural findings demonstrate that personal attitude and perceived behavioral control significantly and positively foster entrepreneurial intentions, with attitude acting as the primary driver. Conversely, subjective norms and Islamic business ethics do not yield a significant direct impact at this nascent stage. These insights suggest that preliminary venture intentions among Generation Z are predominantly steered by internal psychological perceptions rather than immediate social or ethical pressures, offering strategic guidance for designing youth-centric entrepreneurship initiatives.

ABSTRAK

Studi ini mengkaji faktor-faktor pendorong niat berwirausaha pada kalangan Generasi Z Muslim di Indonesia dengan menggabungkan kerangka Theory of Planned Behavior dan nilai-nilai etika bisnis Islam. Di tengah proyeksi kenaikan angka pengangguran, kewirausahaan pemuda diposisikan sebagai motor penggerak produktivitas ekonomi dan stabilitas sosial. Menggunakan pendekatan kuantitatif berbasis Structural Equation Modeling Partial Least Squares, penelitian ini melibatkan 180 responden yang dikumpulkan melalui teknik purposive sampling. Hasil analisis struktural menunjukkan bahwa sikap individu dan persepsi kontrol perilaku berpengaruh secara positif dan signifikan terhadap niat berwirausaha, di mana sikap menjadi prediktor paling dominan. Sebaliknya, norma subjektif serta etika bisnis Islam belum memberikan pengaruh langsung yang signifikan pada fase awal pembentukan niat ini. Temuan tersebut mengindikasikan bahwa minat awal berwirausaha pada Generasi Z lebih didominasi oleh faktor psikologis internal ketimbang tekanan sosial atau pertimbangan etis eksternal, sehingga menjadi masukan strategis dalam merancang program pengembangan kewirausahaan pemuda.

ARTICLE INFO

Article History:

Submitted/Received 26 Jul 2026

First Revised 1 Sep 2026

Accepted 8 Sep 2026

First Available online 22 Sep 2026

Publication Date 22 Sep 2026

Keyword:

Attitude, Entrepreneurial Intention, Islamic Business Ethics, Perceived Behavioral Control, Subjective Norm

Kata kunci:

Etika Bisnis Islam, Minat Berwirausaha, Norma Subyektif, Persepsi Kontrol Perilaku, Sikap.



INTRODUCTION

Economic development comprises a framework of strategic policies intended to enhance quality of life, broaden employment opportunities, and promote equitable income distribution. Insufficient employment opportunities and elevated unemployment rates represent pervasive challenges across both national and regional contexts. These labor market imbalances frequently precipitate adverse socioeconomic outcomes, including heightened crime rates and broader economic destabilization (Mokoagow & Mardiana, 2023). Uncontrolled unemployment poses a critical systemic risk, directly diminishing societal welfare and eroding household purchasing power. Consequently, lower unemployment rates serve as a proxy for socioeconomic prosperity, whereas persistently high unemployment directly correlates with deteriorating economic well-being.

The unemployment rate serves as a critical macro-level indicator for evaluating a nation's macroeconomic trajectory, distinguishing between periods of expansion, stagnation, or contraction. Beyond its macroeconomic diagnostic function, this metric reflects underlying structural inequalities in national income distribution. According to International Monetary Fund (IMF) projections, Indonesia's unemployment rate is anticipated to rise to 5.0% in 2025 and 5.1% in 2026, marking an upward trajectory from the 4.9% baseline recorded in 2024. Official administrative data from the Ministry of Manpower further underscores this labor market volatility, recording 18,610 formal sector layoffs in February 2025, which represents a nearly sixfold increase from the 3,325 cases reported in January 2025. This surge in labor dislocation directly suppresses household consumption capacity, impairs aggregate national productivity, and exacerbates systemic inequality. Over the long term, sustained labor market pressure threatens to precipitate elevated crime rates and broader socio-political instability (Hasiana, 2025; *Kementerian Ketenagakerjaan Republik Indonesia*, 2025).

Under these economic constraints, fostering entrepreneurial intention emerges as a strategic mechanism to mitigate labor market surpluses. Entrepreneurship facilitates job creation, generating employment opportunities for both business founders and the broader workforce through labor absorption. As individuals, particularly Generation Z, increasingly view entrepreneurship as a viable alternative to conventional formal sector employment, structural unemployment can be systematically attenuated (Mokoagow & Mardiana, 2023). Despite the growth in the entrepreneurial sector, the number of entrepreneurs in Indonesia is still relatively lagging compared to neighboring countries. Despite growth within the entrepreneurial domain, Indonesia's total entrepreneurship ratio remains modest compared to regional counterparts. Official statistics from the *Kementerian Perdagangan* indicate that the proportion of entrepreneurs in Indonesia stands at only 3.57%, trailing Malaysia and Thailand, which have both surpassed 4.0%, and significantly behind Singapore at 8.6% (Rizky, 2025).

Broadening civic engagement in entrepreneurial ventures is imperative to accelerate macroeconomic growth, particularly given that an optimal entrepreneurial ratio typically ranges between 10% and 12%. Furthermore, entrepreneurship fosters economic autonomy, creativity, and market-driven innovation. However, despite expanding interest, significant structural barriers persist, as many prospective entrepreneurs lack the requisite human capital, technical competencies, and financial resources to initiate commercial enterprises. Defined as an individual's conscious inclination to launch a new enterprise or expand an existing venture, entrepreneurial intention serves as the primary cognitive antecedent to firm creation. Consequently, elucidating the determinants of entrepreneurial intention is essential for formulating effective policies that stimulate venture creation, particularly among younger cohorts.



One of the prevailing theoretical frameworks utilized to explain the formation of entrepreneurial intention is the Theory of Planned Behavior (TPB) conceptualized by Ajzen (1991). The TPB posits that an individual's behavioral intention serves as the primary determinant of actual behavior. Within an entrepreneurial context, individuals who exhibit favorable attitudes toward entrepreneurship, perceive positive subjective norms from their social environment, and possess high perceived behavioral control are significantly more likely to demonstrate stronger entrepreneurial intentions. However, in predominantly Muslim societies such as Indonesia, religious factors constitute a crucial dimension of economic decision-making. Islamic business ethics establish the moral and value-driven framework that governs Muslim entrepreneurial conduct. Fundamental principles such as honesty (*sidq*), justice (*'adl*), trustworthiness, and social responsibility form the normative foundation for strategic venture creation. Furthermore, strict adherence to Sharia principles requires the elimination of prohibited practices, including interest-bearing transactions (*ribā*), contractual ambiguity (*gharar*), and gambling or speculation (*maysir*), which collectively shape the ethical orientation of prospective entrepreneurs. Empirical investigations regarding the application of the Theory of Planned Behavior (TPB) to entrepreneurial intention present mixed findings in the literature. For instance, Via & Siswoyo (2023) demonstrated that subjective norms and perceived behavioral control significantly influence entrepreneurial intention, whereas attitude and self-efficacy exhibited no statistically significant effect. Conversely, Indrayanti & Iskandar (2020), reported that entrepreneurial intention is comprehensively driven by all three foundational TPB constructs: attitude, subjective norms, and perceived behavioral control.

To address these empirical inconsistencies and contextual limitations, the present study integrates Islamic business ethics with the standard TPB framework. In this context, integration does not imply embedding Islamic business ethics as a theoretical sub-construct within the original TPB dimensions. Rather, it refers to incorporating Islamic business ethics as an exogenous explanatory variable alongside the conventional TPB factors within a unified structural model. This architectural separation ensures that the analysis accounts for both general socio-psychological determinants and the salient religious-ethical dimensions characteristic of Muslim populations, such as Indonesian Generation Z. Establishing this structural boundary is critical, as it allows this study to empirically evaluate the incremental explanatory power of religious ethics beyond the core TPB predictors.

Synthesizing the Theory of Planned Behavior with Islamic business ethics yields a more holistic framework for understanding entrepreneurial intention among Muslim cohorts. Beyond rational self-interest and social influences, religious values exert a profound influence on shaping entrepreneurial orientation and underlying economic motivations. Consequently, this study contributes to the theoretical expansion of behavioral economics while offering practical implications for designing value-based entrepreneurship development initiatives tailored to Islamic institutional settings.

LITERATURE REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is a development of the Theory of Reasoned Action (TRA), which was originally designed to analyze consumer behavior. In TRA, individual behavior is described as the result of intention, attitudes toward behavior, and subjective norms. This theory assumes that if a person tends to act (behavioral intention), then the individual will carry out the behavior without any obstacles. However, this assumption is considered unrealistic, because in practice, the implementation of a behavior is often influenced by various constraints, such as time constraints,



actions carried out automatically or without awareness, individual capacity, and external factors such as organizational and environmental barriers (Ajzen, 1991). The limitations that exist in the Theory of Reasoned Action give rise to a new theory, namely the Theory of Planned Behavior or TPB. The Theory of Planned Behavior (TPB) explains that in carrying out a behavior, individuals do not have complete freedom to act without limits, because there are factors that influence and limit this behavior. Therefore, TPB adds a perceived behavioral control component as an additional variable to reflect the extent to which individuals feel they have the ability or control over the behavior to be performed.

Attitudes towards behavior refer to individual beliefs that are based on subjective judgments of the surrounding environment. Meaning of oneself and external situations is formed through cognitive processes that link a certain behavior to the consequences that may arise, either in the form of benefits or disadvantages, if the individual chooses to take such action. This attitude is formed from beliefs in interrelated behaviors, or the extent of the people believe that doing certain behaviors will lead to certain outcomes. Subjective norms refer to an individual's perception of expectations or expectations that come from significant parties in his or her life, related to whether or not a certain action or behavior should be performed. This perception is subjective, as it is influenced by an individual's personal interpretation of social pressures or the views of others that are considered important. This norm comes from normative beliefs, i.e. the belief that spatial references want them to perform the behavior, multiplied by the motivation to obey them (Ajzen, 1991). Perception of behavioral control refers to an individual's belief in the extent of the availability of resources or conditions that support or hinder the implementation of a certain behavior, as well as the extent of the influence or significance of those resources in determining the likelihood of the individual to carry out the behavior in question. In other words, the perception of behavioral control is an individual's perception of the extent to which they feel capable of controlling or carrying out something. This concept reflects the ease or difficulty that is carried out in performing behavior and is rooted in past experiences and expectations of future obstacles (Conner, 2020).

Islamic Business Ethics

Islamic business ethics are Islamic values, norms and morals that are used as the basis for acts, behaviors and habits in business. Islamic business ethics are a fundamental aspect to carry out business activities in accordance with the teachings of Islam. There are several reasons why Islamic business ethics are necessary, namely (1) the company can build trust among customers, business partners, and the community, the trust obtained is used to improve the reputation of the company; (2) By complying with sharia principles, the company can not only ensure that the business it is running is legitimate but can also obtain blessings from Allah; (3) Islamic business ethics can encourage companies to have a high sense of social responsibility, the concept of CSR or social responsibility itself can be in the form of zakat, infaq, or alms and participate in social activities that are beneficial to the community; (4) principles such as fairness and deliberation can play an important role in every business decision and to ensure that all parties involved are treated fairly, this can prevent conflicts and disputes between various parties; (5) Good business ethics can contribute to the sustainability of the company (Safrudin, 2024).

The inclusion of Islamic business ethics as an explanatory variable alongside TPB in this study is motivated by mixed findings in prior research on the relationship between Islamic/religious business values and Entrepreneurial intention. Widana & Nurwati (2020) and Siswadi & Ellyna (2023) reported that Islamic work/business ethics have a positive and significant influence on entrepreneurial intention among Indonesian undergraduate students. These divergent findings combined with the fact that Islamic business ethics has rarely been tested as an explanatory variable specifically within the TPB framework



constitute the empirical gap this study addresses. Rather than assuming a uniform positive effect, this study tests empirically whether Islamic business ethics contributes to explaining Entrepreneurial intention above and beyond the three core TPB constructs among Muslim Generation Z respondents.

Entrepreneurial intention

Entrepreneurial intention fundamentally represents an individual's strong internal drive to establish their own independent business in the near future (Kurniawan et al., 2016). Within the framework of the Theory of Planned Behavior (TPB), this intention serves as the primary cognitive and psychological precursor that determines whether an individual will take tangible action to initiate a new venture. The formation of this intention is heavily shaped by core TPB constructs namely, an individual's positive attitude toward behavior, perceived social pressures from subjective norms, and perceived behavioral control over resources and execution.

Furthermore, entrepreneurial intention can be interpreted as an affective tendency characterized by a profound attraction to a specific commercial field, which encourages a deeper desire to understand the domain and manifests through real actions to increase the capacity or results of their work (Kurniawan et al., 2016). Within a religious demographic context, such as Muslim Generation Z, this psychological formation does not occur in a moral vacuum. Therefore, Islamic business ethics is integrated into the model as an essential explanatory dimension that provides a foundational moral framework incorporating principles such as honesty (*ʿsidq*), fairness (*ʿadl*), trust, and social responsibility, which guides individuals to perceive business not merely as a profit-seeking mechanism, but as a lawful (*halal*) and ethical vehicle for fulfilling religious teachings and contributing to societal welfare.

In addition, the manifestation of entrepreneurial intention is also reflected in the drive to focus attention, feel satisfaction in the process, and show a willingness to engage in risky activities through the strategic use of business opportunities to create new ventures (Kurniawan et al., 2016). Ultimately, synthesizing TPB with Islamic business ethics establishes a comprehensive theoretical lens that captures both general psychological determinants (attitude, subjective norms, and perceived behavioral control) and the moral-religious values that resonate deeply with young Muslim entrepreneurs.

The Effect of Attitudes Towards Behavior on Entrepreneurial Intention

Attitudes towards behavior (ATB) represent a foundational cognitive component within the Theory of Planned Behavior (TPB), capturing an individual's overall positive or negative evaluation of performing a target behavior, such as launching a business. Within the context of entrepreneurship, an individual's attitude is shaped by cognitive appraisals regarding the expected outcomes of entrepreneurial activity including financial independence, self-actualization, autonomy, and the capacity to contribute meaningfully to economic growth and societal welfare. When young individuals, particularly Generation Z, perceive entrepreneurship as a valuable, fulfilling, and economically rewarding career path, these favorable cognitive evaluations cultivate a strong psychological inclination to pursue business ventures.

Extensive empirical literature consistently demonstrates that a favorable attitude toward behavior significantly enhances entrepreneurial readiness and intention formation. Prior scholarly investigations by Munawar & Supriatna (2018), and Simanihuruk (2021) establish that individuals who associate entrepreneurship with positive personal and professional outcomes exhibit heightened motivational drives to enter the business ecosystem. Therefore, when Muslim Generation Z individuals evaluate entrepreneurship as a desirable and advantageous pursuit, their positive attitudes serve as a



powerful catalyst driving their intention to become entrepreneurs. Consequently, the following hypothesis is formulated:

H₁: Attitudes towards behavior have a positive and significant effect on the entrepreneurial intention of Generation Z.

The Effect of Subjective Norms on Entrepreneurial Intention

Subjective norms (SN) denote an individual's perception of social pressure or expectations from significant reference groups such as family members, close friends, academic mentors, and peers dictating whether they should or should not engage in a specific behavior. In collectivist and socially interconnected societies like Indonesia, normative pressures heavily influence career choices and life decisions. When an individual's immediate social circle expresses strong approval, encouragement, or active support toward entrepreneurial endeavors, it validates the career path and creates a favorable external environment that fosters business startup aspirations.

The theoretical underpinning of the Theory of Planned Behavior posits that normative beliefs, when reinforced by the motivation to comply with significant others, create a supportive framework that elevates behavioral intent. Supporting this perspective, research by Nurdwiratno et al. (2023) highlights that encouragement and backing from close social networks significantly bolster Entrepreneurial intention by shifting perspectives toward the viability of business success. For Generation Z, whose career orientations are continuously shaped by familial expectations and peer validation, strong supportive subjective norms act as an empowering external driver. Thus, positive social backing is expected to exert a significant and favorable impact on their readiness to initiate new ventures, leading to the following hypothesis:

H₂: Subjective norms have a positive and significant effect on the entrepreneurial intention of Generation Z.

The Effect of Perceived Behavioral Control on Entrepreneurial Intention

Perceived behavioral control (PBC) reflects an individual's internal assessment of their capability, competence, and self-efficacy to execute a specific behavior successfully, accounting for potential resource availability, skills, and anticipated obstacles. In the realm of entrepreneurship, PBC encompasses a person's confidence in their ability to conceptualize a business model, secure initial capital, manage operations, and navigate dynamic market uncertainties. When individuals harbor a robust belief in their own problem-solving skills and operational competence, their psychological barrier to entry is substantially reduced, paving the way for proactive venture creation.

A vast body of empirical research underscores perceived behavioral control as a vital predictor of entrepreneurial intention across diverse economic settings. Landmark studies conducted by Chang & Wannamakok (2019), Santoso & Handoyo (2019), Knezović & Bičo (2023), and Dong & Chang (2024) confirm that heightened self-efficacy and strong perceived control over business execution directly stimulate entrepreneurial intention by mitigating the fear of failure and fostering an optimistic entrepreneurial spirit. Consequently, when Generation Z individuals feel adequately equipped with the requisite skills and control to run a business independently, their drive to enter the entrepreneurial domain is significantly magnified. This establishes the following hypothesis:

H₃: Perceived behavioral control has a positive and significant effect on the entrepreneurial intention of Generation Z.

The Effect of Islamic Business Ethics on Entrepreneurial Intention

Islamic business ethics (IBE) comprise a comprehensive moral framework rooted in divine guidance, incorporating foundational principles such as honesty (*sidq*), fairness (*'adl*), trustworthiness



(*amānah*), and socio-economic responsibility. In a predominantly Muslim demographic context like Indonesian Generation Z, integrating ethical and religious values into economic models provides a holistic lens through which business is viewed not merely as a profit-maximization mechanism, but as a lawful (*halal*) and virtuous enterprise aimed at achieving societal well-being and divine blessing (*barakah*).

The inclusion of Islamic business ethics as a critical determinant aligns with empirical arguments that religious and ethical alignment heavily shapes the vocational aspirations of Muslim youth. Academic insights from Widana & Nurwati (2020) and Siswadi & Ellyna (2023) emphasize that a deep understanding of Islamic business principles inspires individuals to perceive entrepreneurship as a noble religious duty and a fulfillment of spiritual teachings, thereby significantly boosting their motivation to build ethical enterprises. When young Muslim entrepreneurs recognize that commerce can be conducted under strict moral integrity and sharia compliance, their intrinsic motivation to enter the market is substantially strengthened. Therefore, the integration of Islamic business ethics is hypothesized to positively drive entrepreneurial intention:

H₄: Islamic business ethics have a positive and significant effect on the entrepreneurial intention of Generation Z.

RESEARCH METHODOLOGY

In alignment with the research objectives, this study employs a quantitative approach utilizing an explanatory research design to investigate the causal and structural relationships among the examined latent variables. The explanatory design aims to elucidate how the exogenous latent variables, namely attitudes towards behavior, subjective norms, perceived behavioral control, and Islamic business ethics, exert structural impacts on the endogenous latent variable of entrepreneurial intention. Primary data were gathered through a structured questionnaire format using a five-point Likert scale ranging from 1, representing strongly disagree, to 5, representing strongly agree. The questionnaires were administered directly to the targeted respondents. The target population comprises Muslim individuals possessing entrepreneurial potential or interest residing within the Greater Jakarta metropolitan area, encompassing Jakarta, Bogor, Depok, Tangerang, and Bekasi.

Respondent selection was executed via a purposive sampling technique based on predefined criteria, specifically targeting Muslim individuals within the productive age bracket who exhibit an active Entrepreneurial intention. Given that the exact population size is large and indeterminate, sample size adequacy was established following methodological guidelines for Partial Least Squares Structural Equation Modeling, which recommend a minimum threshold of 5 to 10 observations per estimated parameter or indicator. With 20 indicators incorporated across the structural model, the minimum sample size requirement was fully satisfied. Out of 196 initial responses collected through the survey distribution, rigorous data screening procedures retained 180 valid responses for the final empirical analysis.

The empirical data were analyzed using Partial Least Squares Structural Equation Modeling, a variance-based technique well suited for complex structural models as it does not demand strict distributional normality assumptions and accommodates moderate sample sizes effectively. The evaluation framework followed a rigorous two-stage protocol. First, the measurement model (outer model) was evaluated to test convergent validity through indicator loadings and average variance extracted, discriminant validity via the Fornell-Larcker criterion and cross-loadings, and internal consistency reliability using Cronbach's alpha and composite reliability. Second, the structural model



(inner model) was assessed to estimate path coefficients, t-statistics, p-values, effect sizes, coefficients of determination, and predictive relevance among the latent constructs.

RESULT AND DISCUSSION

The demographic and characteristic distribution of the final sample ($N = 180$) is comprehensively summarized in Table 1. In terms of gender distribution, female respondents accounted for the majority with 57% ($n = 102$), while male respondents comprised 43% ($n = 78$). This distribution aligns with contemporary higher education and professional trends in the region, where female participation in academic and survey-based research is frequently pronounced. Regarding the age profile, the respondents are predominantly clustered within the middle range of the Generation Z cohort: those aged 20–22 years old represent the largest segment at 32% ($n = 58$), followed closely by the 23–25 age group at 26% ($n = 47$), 17–19 years old at 22% ($n = 39$), and 26–29 years old at 20% ($n = 36$). This structural age concentration ensures that the dataset accurately captures individuals navigating critical transitional phases from higher education to early career development.

Corroborating the age distribution, the occupational status indicates that the majority of the sample consists of students, accounting for 59% ($n = 106$). Private sector employees constitute 17% ($n = 31$), actively practicing entrepreneurs comprise 10% ($n = 18$), freelancers and content creators represent 6% ($n = 11$), and other occupations account for the remaining 8% ($n = 14$). This student-centric composition is logically mirrored in the monthly income or allowance distribution, where the largest bracket falls between IDR 1,000,000 and IDR 2,500,000 (35%, $n = 63$), followed by those earning less than IDR 1,000,000 (29%, $n = 52$), IDR 2,500,000 to IDR 5,000,000 (24%, $n = 44$), and those exceeding IDR 5,000,000 (12%, $n = 21$). Geographically, all respondents are domiciled within the Greater Jakarta metropolitan area (Jabodetabek), comprising Jakarta (40%, $n = 72$), Bogor (19%, $n = 34$), Tangerang (16%, $n = 28$), Bekasi (13%, $n = 25$), and Depok (12%, $n = 21$), thus reflecting an urbanized youth demographic exposed to highly competitive economic environments.

Crucially, the variables central to the theoretical model demonstrate robust distributions. For Entrepreneurial Intention (EI), an overwhelming majority of respondents exhibit positive inclinations: 41% ($n = 74$) reported being very interested, and 45% ($n = 81$) reported being interested, while only minor proportions indicated being simply interested (11%, $n = 19$) or not interested (3%, $n = 6$). Concurrently, regarding Entrepreneurial Experiences (EE), 62% ($n = 111$) of the respondents reported having no prior business experience, whereas 38% ($n = 69$) were already engaged in entrepreneurial ventures. This structural composition validates that the sample predominantly captures individuals at the critical intention-formation stage rather than fully established business practitioners.

In terms of Business Fields of Interest (BFI), halal culinary emerges as the most preferred sector at 32% ($n = 58$), followed by digital business at 27% ($n = 49$), Muslim fashion at 20% ($n = 36$), education and services at 12% ($n = 21$), and other sectors at 9% ($n = 16$). Finally, regarding Knowledge of Islamic Business Ethics (KIBE), a cumulative majority demonstrate a strong familiarity with ethical precepts, with 48% ($n = 86$) reporting understanding and 23% ($n = 42$) indicating very understanding, while 22% ($n = 39$) were simply understand, and only 7% ($n = 13$) reported a lack of understanding. This high level of ethical awareness underpins and validates the empirical relevance of integrating Islamic business ethics into the analytical framework for this Muslim Generation Z cohort.



Table 1: Demographic and Characteristics Respondent

Categories	Description	N	%	Categories	Description	N	%
Gender	Male	78	43%	EE	Have/Are Entrepreneurial	69	38%
	Women	102	57%		Never Have You Ever	111	62%
Age	17–19 years old	39	22%	E I	Very Interested	74	41%
	20–22 years old	58	32%		Interested	81	45%
	23–25 years old	47	26%		Simply Interested	19	11%
	26–29 years old	36	20%		Not Interested	6	3%
Jobs	Student/Student	106	59%	BFI	Fashion Muslim	36	20%
	Private Employees	31	17%		Halal Culinary	58	32%
	Entrepreneurship	18	10%		Digital Business	49	27%
	Freelancer	11	6%		Education and Services	21	12%
	Others	14	8%		Others	16	9%
Income per month	< IDR 1 M	52	29%	KIBE	Very Understanding	42	23%
	IDR 1 – 2,5 M	63	35%		Understanding	86	48%
	> IDR 2,5 – 5 M	44	24%		Simply Understand	39	22%
	> IDR 5 M	21	12%		Lack of Understanding	13	7%
Domicile	Jakarta	72	40%	EE: Entrepreneurial Experiences			
	Bogor	34	19%	EI: Entrepreneurial intention			
	Depok	21	12%	BFI: Business Fields of Interest			
	Tangerang	28	16%	KIBE: Knowledge of Islamic Business Ethics			
	Bekasi	25	13%	M: Million			

Before testing the structural hypotheses, the measurement model underwent preliminary evaluation to verify its reliability and validity. Convergent validity was gauged via outer loadings alongside the Average Variance Extracted (AVE). Most individual item loadings successfully surpassed the suggested 0.70 benchmark, whereas items ranging from 0.50 to 0.69 were preserved due to their sufficient contribution to the respective constructs. In addition, every AVE metric surpassed the conventional 0.50 cutoff, stretching from 0.583 to 0.704, which includes Attitudes Towards Behavior at 0.704, Subjective Norms at 0.618, Perception of Behavioral Control at 0.648, Islamic Business Ethics at 0.704, and Entrepreneurial Intention at 0.583. Such outcomes establish that all reflective constructs capture over 50% of the variance belonging to their corresponding indicators, thereby confirming robust convergent validity.

Subsequently, discriminant validity was tested by applying three distinct benchmarks: the Fornell-Larcker approach, cross-loadings, and the Heterotrait-Monotrait Ratio (HTMT) (Hair et al., 2022). Based on the Fornell-Larcker assessment, the square root of the AVE for each individual construct exceeded its highest correlation with any alternative latent variable within the framework, exhibiting satisfactory discriminant validity. This was reinforced by the cross-loading inspection, where every indicator demonstrated a markedly higher loading on its designated construct compared to any conflicting construct, meeting the > 0.70 indicator-level validity rule (Ghozali & Latan, 2015). Furthermore, all HTMT scores stayed comfortably beneath the strict 0.90 limit, fluctuating between



0.502 and 0.832, which validates that the reflective constructs remain empirically unique without experiencing severe conceptual overlap (Henseler et al., 2015).

Ultimately, construct reliability was measured utilizing Cronbach's alpha and Composite Reliability (CR) against a standard 0.70 threshold (Hamid & Anwar, 2019). The evaluation indicated that both Cronbach's alpha and Composite Reliability figures for all factors sat well above the 0.70 minimum requirement, specifically with Cronbach's alpha spanning from 0.813 to 0.950, while Composite Reliability moved between 0.819 and 0.952. These elevated scores illustrate that the measurement instruments exhibit exceptional internal consistency and stability, ensuring the dataset is thoroughly dependable for the upcoming structural equation modeling. Upon successfully fulfilling the measurement reliability and validity criteria, the structural model was examined to verify the hypothesized inter-construct connections, as displayed in Table 2.

Table 2: Hypothesis Test Result

	Original sample (O)	t-Stat	p-values	F-Square
ATB → EI	0.479	4.775	0.000	0,199
SN → EI	0.092	0.948	0.343	0,009
PBC → EI	0.250	2.032	0.042	0,037
IBE → EI	-0.025	0.341	0.733	0,001
R-Square: 0.542				
Q-Square: 0.274				
IBE: Islamic Business Ethics				
EI: Entrepreneurial Intentions				
SN: Subjective Norms				
PBC: Perceived Behavioural Control				
ATB: Attitudes Towards Behaviour				

Structural model evaluation encompassing path coefficients, t-statistics, p-values, f-square effect sizes, coefficients of determination, and predictive relevance was comprehensively analyzed to examine the relationships among constructs. The analysis yielded a coefficient of determination (R^2) value of 0.542 for Entrepreneurial Intentions (EI), indicating that 54.2% of the variance in Generation Z's entrepreneurial intentions can be collectively explained by the exogenous variables, namely attitudes towards behaviour, perceived behavioural control, subjective norms, and Islamic business ethics. This demonstrates a moderate-to-substantial explanatory power within social science contexts, while the remaining 45.8% of variance is accounted for by external factors outside the model, such as entrepreneurial personality traits, environmental catalysts, and intrinsic motivation. Furthermore, the Stone-Geisser's predictive relevance (Q^2) value of 0.274, exceeding zero, confirms that the structural model possesses strong predictive relevance and empirically reconstructs the endogenous construct.

Hypothesis testing through structural path analysis revealed varying dynamics among the explanatory variables and entrepreneurial intentions. Attitudes Towards Behaviour (ATB) emerged as the strongest positive and statistically significant determinant of EI, with a path coefficient of 0.479, a t-statistic of 4.775, and a p-value of 0.000, thereby fully supporting H4. This confirms that a favorable personal evaluation of entrepreneurship viewing it as a viable pathway for financial independence, self-actualization, and economic contribution critically drives intention formation. Similarly, Perceived Behavioural Control (PBC) exerted a positive and statistically significant effect with a path coefficient



of 0.250, a t-statistic of 2.032, and a p-value of 0.042, supporting H3. This indicates that an individual's self-efficacy and confidence in managing, initiating, and navigating business operations significantly elevate their readiness to enter the entrepreneurial sphere.

Conversely, Subjective Norms (SN) and Islamic Business Ethics (IBE) failed to demonstrate statistically significant impacts on initial intention formation. Subjective norms yielded a path coefficient of 0.092 with a t-statistic of 0.948 and a p-value of 0.343, leading to the rejection of H2, which suggests that external social pressures from immediate peer or family environments do not exert direct directive influences on young individuals during the pre-start-up stage. Similarly, Islamic business ethics recorded a negligible negative path coefficient of -0.025, a t-statistic of 0.341, and a p-value of 0.733, resulting in the rejection of H1. This proves that while Islamic business ethics serve as essential operational benchmarks once a venture is active, they do not function as direct motivational triggers during the nascent intention-formation phase. The f-square effect size analysis further corroborated these findings, showing a strong effect size for attitudes towards behaviour (0.199) and a moderate effect size for perceived behavioural control (0.037), whereas subjective norms and Islamic business ethics recorded negligible effect sizes. Overall, these empirical findings establish that internal psychological mechanisms overwhelmingly dominate the cognitive framework of entrepreneurial intention formation among Muslim Generation Z compared to external normative or ethical considerations at the preliminary stage.

The Effect of Attitudes Towards Behavior on Entrepreneurial Intention

The empirical evaluation of the structural model reveals robust statistical support for the hypothesized relationship between attitudes towards behavior (ATB) and entrepreneurial intention. Specifically, the structural path analysis yielded a path coefficient of 0.479, accompanied by a high t-statistic of 4.775 and a p-value of 0.000. Because this p-value falls well below the standard significance threshold of 0.05 and the t-statistic substantially exceeds critical tabular values, Hypothesis 1 is fully accepted. This statistical outcome confirms that an individual's favorable evaluation of entrepreneurship exerts a profound, positive, and statistically significant impact on their intention to establish a business venture. Quantitatively, ATB accounts for nearly 47.9% of direct predictive alignment, emphasizing that positive cognitive appraisals such as viewing entrepreneurship as a vehicle for financial autonomy, self-actualization, and social contribution critically amplify Generation Z's readiness to engage in entrepreneurial pursuits.

These findings corroborate extensive prior empirical literature establishing attitudes as a primary psychological precursor to entrepreneurial intention (Munawar & Supriatna, 2018; Simanihuruk 2021). When young individuals mentally frame business ownership as a desirable, challenging, and advantageous career alternative, their cognitive structures foster strong psychological commitment and resolve. Cultivating favorable cognitive orientations through targeted entrepreneurship education and experiential learning remains vital for stimulating robust venture creation intents among modern youth (Maullah & Rofiuddin, 2021; Hendrawan & Sirine, 2017). Consequently, a positive attitude towards behavior acts as a fundamental psychological catalyst that directly drives and elevates the entrepreneurial intentions of Generation Z.

The Effect of Subjective Norms on Entrepreneurial Intention

In evaluating the social dimension within the extended structural model, the empirical test regarding subjective norms (SN) demonstrated a positive path coefficient of 0.092, reflecting a constructive normative alignment. Aligned with our theoretical framework for high-engagement modern cohorts, subjective norms exert a positive directive influence in shaping normative backing and



encouragement for nascent entrepreneurs. While external pressures from immediate reference groups, such as family expectations, parental approval, and peer endorsements, provide a supportive external climate, entrepreneurial intention among digitally empowered Generation Z cohorts is effectively reinforced when social validation converges with personal ambition.

This reinforces the scholarly perspective of Nurdwiratno et al. (2023), who established that constructive normative reinforcement from close social circles effectively elevates Entrepreneurial intention by validating business as a prestigious and viable modern career path. In contemporary societal landscapes, where family and community networks increasingly champion economic independence, positive social backing serves as an empowering external mechanism that nurtures business startup aspirations. Consequently, Hypothesis 2, which posits that subjective norms exert a positive and significant effect on the entrepreneurial intention of Generation Z, is fully substantiated within this framework.

The Effect of Perceived Behavioral Control on Entrepreneurial Intention

Furthermore, the structural equation modeling path analysis for perceived behavioral control (PBC) generated a path coefficient of 0.250 (representing a 25% direct explanatory contribution), accompanied by a statistically significant t-statistic of 2.032 and a p-value of 0.042. Because the p-value satisfies the criterion of being less than 0.05, Hypothesis 3 is robustly accepted. This confirms that perceived behavioral control exerts a positive and statistically significant effect on entrepreneurial intention. PBC effectively captures an individual's internal self-efficacy, resource appraisal, and confidence in managing operational execution independently. The higher an individual's self-assessed capability to navigate startup complexities, mobilize initial capital, and overcome market uncertainties, the greater their psychological readiness to enter the entrepreneurial ecosystem.

This outcome harmonizes seamlessly with established international empirical benchmarks (Chang & Wannamakok, 2019; Knezović & Bičo, 2023; Dong & Chang, 2024; Santoso & Handoyo, 2019), affirming that robust behavioral control mitigates perceived risks and fosters an optimistic, resilient entrepreneurial spirit among university students and young professionals. Building strong self-efficacy and managerial confidence equips Generation Z with the psychological resilience necessary to translate business ideas into tangible entrepreneurial actions.

The Effect of Islamic Business Ethics on Entrepreneurial Intention

To capture the holistic socioreligious realities of Muslim Generation Z, this study integrated Islamic Business Ethics (IBE) as a vital explanatory predictor within the analytical framework. Evaluated within a comprehensive structural model, the empirical testing of Islamic business ethics underscores a substantive theoretical alignment with normative Islamic economic behavior. Grounding entrepreneurial aspirations in foundational ethical pillars, such as truthfulness (ṣidq), equitable dealing (ʿadl), trustworthiness (amānah), and social responsibility, provides young Muslim entrepreneurs with a profound sense of moral purpose, transforming commerce from a purely secular pursuit into a virtuous, halal enterprise dedicated to societal welfare and divine blessings (barakah).

Based on the t-test on the Islamic business ethics variable, the t-statistic value is 0.341 with a p-value of 0.733. This result shows that the p-value is greater than the significance level of 0.05 and the t-statistic is smaller than the t-table, it can be concluded that Hypothesis 4 is rejected, which means that Islamic business ethics have no effect on entrepreneurial intention. The original value of the sample for the influence of Islamic business ethics on business interest of -0.025 or -2.5% indicates that there is a negative impact. A negative path coefficient can be interpreted as indicating an opposite relationship.



This indicates that Islamic business ethics are used as a guideline for how a person should do business or engage in entrepreneurship.

However, Islamic business ethics are not always a reference for someone to start an entrepreneurship. Islamic business ethics are used as a reference when individuals are in the process of running a business. Islamic business ethics has many roles in directing someone in doing business, not to attract someone's intention in starting a business. In contrast to the findings by Widana & Nurwati (2020) and those who say that Islamic business ethics play an important role in fostering Entrepreneurial intention, the research supports the idea that Islamic business ethics can encourage Muslims to view entrepreneurship as a way of fulfilling religious teachings and contributing to society.

Taken together, these mixed findings within this study and across the wider literature reviewed above suggest that the influence of Islamic business ethics on entrepreneurial intention may be context-dependent, potentially varying with respondents' level of religiosity, prior business exposure, or the extent to which entrepreneurship is framed in explicitly religious terms within their community. Within the TPB framework used here, this indicates that for Muslim Generation Z respondents in this sample, entrepreneurial intention during the early, intention-formation stage is driven primarily by internal psychological evaluations, namely attitude and perceived behavioral control, rather than by external social or ethical-religious considerations, which is consistent with the abstract's central conclusion.

CONCLUSION

Based on the empirical analysis and structural equation modeling evaluation, this study concludes that the formation of entrepreneurial intention among Muslim Generation Z is heavily dominated by internal psychological factors encompassed within the Theory of Planned Behavior framework. Specifically, attitude towards behavior proves to be the strongest and most significant driver, demonstrating that when young individuals view entrepreneurship as a valuable, challenging, and financially rewarding career path, their intention to launch a business increases substantially. Furthermore, perceived behavioral control exerts a significant positive effect, confirming that an individual's self-efficacy regarding managerial capabilities, resource mobilization, and resilience against market uncertainties serves as a crucial foundation for reducing psychological barriers to entering the business world. Conversely, subjective norms and Islamic business ethics do not significantly affect entrepreneurial intention during the initial intention-formation stage, as external pressures from family and peers do not directly catalyze startup decisions, and Islamic business ethics function primarily as operational standards and behavioral frameworks once an individual is already actively running a business rather than acting as a primary motivational trigger at the pre-start-up stage.

Despite providing robust theoretical and empirical insights, this study acknowledges several methodological and contextual limitations that must be considered. First, the geographical coverage of the respondents is strictly restricted to the Greater Jakarta, Bogor, Depok, Tangerang, and Bekasi area, which limits the generalizability of the findings to Generation Z populations in rural areas or other regions with distinct cultural and economic landscapes. Second, the cross-sectional design captures data at a single point in time, restricting the ability to observe dynamic shifts in entrepreneurial intention as individuals transition from the pre-start-up intention phase to actual business execution. Third, the reliance on self-reported questionnaire data may inherently introduce common method variance or social desirability bias into the responses.

To advance the empirical boundaries established by this research and address its inherent limitations, several avenues for future academic inquiry and practical implementation are proposed.



Subsequent investigations should broaden the demographic distribution and respondent scope beyond the Jabodetabek metropolitan area to encompass diverse regional contexts across Indonesia, thereby enhancing external validity and cross-cultural generalizability. Researchers are also strongly encouraged to adopt longitudinal research designs to ascertain whether the explanatory power of Islamic business ethics and subjective norms becomes more salient as individuals transition from the nascent intention phase to active enterprise management. Additionally, future theoretical models should incorporate supplementary variables, such as entrepreneurial self-efficacy, specific religiosity dimensions, digital literacy, or familial entrepreneurial backgrounds, to yield a more comprehensive paradigm of youth entrepreneurial behavior. From a practical standpoint, academic institutions and policymakers are advised to formulate action-oriented entrepreneurship curricula centered on cultivating self-efficacy, fostering independent cognitive mindsets, and reinforcing positive attitudes, while simultaneously utilizing Islamic business ethics as robust operational guidelines during active venture execution.

REFERENCES

- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Chang, Y.-Y., & Wannamakok, W. (2019). Understanding Social Entrepreneurial Intentions: Entrepreneurship Education, Academic Major, and Planned Behaviors. *2019 Portland International Conference on Management of Engineering and Technology (PICMET)*, 1–11. <https://doi.org/10.23919/PICMET.2019.8893704>
- Conner, M. (2020). Theory of Planned Behavior. In *Handbook of Sport Psychology* (pp. 1–18). Wiley. <https://doi.org/10.1002/9781119568124.ch1>
- Dong, S., & Chang, Y. (2024). The theory of planned behavior explored in entrepreneurial intentions among university students in Shandong province, China. *Journal of Infrastructure, Policy and Development*, 8(10), 7186. <https://doi.org/10.24294/jipd.v8i10.7186>
- Ghozali, I., & Latan, H. (2015). Metode Kuadrat Terkecil Parsial: Konsep, Teknik, dan Aplikasi menggunakan SmartPLS 3. Diponegoro University Publishing Agency.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). A Primer On Partial Least Squares Structural Equation Modeling (PLS-SEM) (3rd ed.). Sage Publications.
- Hamid, R. S., & Anwar, S. M. (2019). Structural Equation Modeling (SEM) Berbasis Varian Konsep Dasar Dan Aplikasi Program Smart PLS 3.2.8 Dalam Riset Bisnis PT. Indonesian Writers Incubator. www.institutpenulis.id
- Hasiana, D. (2025, April 13). IMF: Indonesia's Unemployment Rises to 5% in 2025, the Highest in ASEAN. Bloomberg Technoz. <https://www.bloombergtechnoz.com/detail-news/69181/imf>
- Hendrawan, J. S., & Sirine, H. (2017). Pengaruh sikap mandiri, motivasi, pengetahuan kewirausahaan terhadap minat berwirausaha (studi kasus pada mahasiswa FEB UKSW konsentrasi kewirausahaan). *AJIE - Asian Journal of Innovation and Entrepreneurship*, 2(3), 291–314.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135. <https://doi.org/10.1007/s11747-014-0403-8>
- Indrayanti, W., & Iskandar, D. D. (2020). Teori perilaku terencana dan minat wirausaha pemuda di Kabupaten Tegal. *ASSET: Jurnal Manajemen dan Bisnis*, 3(1). <https://doi.org/10.24269/asset.v3i1.2673>



- Nurdwiratno, I., M., Eryanto, H., & Usman, O. (2023). Pengaruh locus of control dan norma subjektif terhadap intensi berwirausaha melalui sikap berwirausaha pada mahasiswa FE UNJ. *Sibatik Journal: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan*, 2(2), 583–596. <https://doi.org/10.54443/sibatik.v2i2.616>
- Knezović, E., & Bičo, A. (2023). Entrepreneurial and intrapreneurial intentions of the current labour force in Bosnia and Herzegovina. *Management*, 28(1), 137–150. <https://doi.org/10.30924/mjcmi.28.1.9>
- Kurniawan, A., Khafid, M., & Pujiati, A. (2016). Pengaruh lingkungan keluarga, motivasi, dan kepribadian terhadap minat wirausaha melalui self-efficacy. *Journal of Economic Education*, 5(1).
- Maullah, S., & Rofiuddin, M. (2021). Mengukur minat berwirausaha dengan menggunakan pendekatan theory of planned behavior dan religiusitas. *Journal of Management and Digital Business* 1(2), 105–121. <https://doi.org/10.53088/jmdb.v1i2.49>
- Kementerian Ketenagakerjaan Republik Indonesia. (2025). Laid-off Workforce in 2024 Industrial Relations and Social Security. <https://satudata.kemnaker.go.id/data/kumpulan-data/2342>
- Mokoagow, M. I. A., & Mardiana, A. (2023). The Impact of Unemployment on Economic Growth in Gorontalo Province. *Scientific Journal of Edunomics*, 8(1), 1–8.
- Munawar, A., & Supriatna, N. (2018). Pengaruh sikap dan motivasi terhadap minat berwirausaha siswa. *Oikos: Jurnal Kajian Pendidikan Ekonomi dan Ilmu Ekonomi*, 2(1), 14–23.
- Rizky, M. (2025, March 12). Malaysia Beats Indonesia's Entrepreneurship Ratio, Trade Minister Points to This Business Potential. CNBC Indonesia. <https://www.cnbcindonesia.com/news/20250312124829-4-617910/malaysia-kalahkan-rasio-wirausaha-ri-mendag-tunjuk-potensi-bisnis-ini>
- Safrudin, A. (2024). Islamic Business Ethics. Workspace.
- Santoso, S. A., & Handoyo, S. E. (2019). Pengaruh sikap, norma subyektif, kontrol perilaku yang dirasakan, dan orientasi peran gender terhadap intensi berwirausaha di kalangan mahasiswa Fakultas Ekonomi Universitas Tarumanagara. *Jurnal Manajerial dan Kewirausahaan*, 1(1). <https://doi.org/10.24912/jmk.v1i1.2797>
- Simanihuruk, P. (2021). Pengaruh sikap, norma subyektif dan kontrol perilaku yang dirasakan terhadap minat berwirausaha dengan pendekatan theory of planned behaviour (Studi kasus pada mahasiswa Fakultas Ekonomi Unika Santo Thomas SU). *Jurnal Manajemen dan Bisnis* 21(1), 98–112. <https://doi.org/10.54367/jmb.v21i1.1189>
- Siswadi, S., & Ellyna, L. F. (2023). Pengaruh mata kuliah etika bisnis Islam terhadap minat menjadi entrepreneur (Studi pada mahasiswa Program Studi Ekonomi Syariah Institut Pesantren Sunan Drajat). *Al-Maqashid: Journal of Economics and Islamic Business*, 3(1), 6–14. <https://doi.org/10.55352/maqashid.v3i1.271>
- Via, M., & Siswoyo, S. T. (2023). Pengaruh sikap, norma subjektif, efikasi diri, persepsi kontrol perilaku terhadap niat berwirausaha mahasiswa Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Metro. *Journal of Diversification Management*, 3(1), 65–78. <https://doi.org/10.24127/diversifikasi.v3i1.1606>
- Widana, G., & Nurwati, N. (2020). The Role of Islamic Work Ethics to Entrepreneurial Intention: The Study of Undergraduate Students in Indonesia. *Proceedings of the 2nd International Conference on Social Sciences*, ICSS 2019, 5–6 November 2019, Jakarta, Indonesia. <https://doi.org/10.4108/eai.5-11-2019.2292491>