

The Influence Of Financial Literacy, Self Confidence And The Environment On Entrepreneurial Intentions In Generation Z

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Abstract

This research aims to determine the influence of financial literacy, self-confidence and the environment on entrepreneurial intentions in generation Z in Sidoarjo. Using the Probability Sampling technique, using a simple random sampling method in collecting research samples. The population of this study is generation Z in the Sidoarjo area with birth years 1997 - 2006 with a sample size of 128 people. This analysis method uses Structural Equation Modeling (SEM) which is measured using Partial Least Square (PLS), using the SmartPLS 3.0 data processing software application tool. The results of this research show that financial literacy has no impact on entrepreneurial intentions because the T-count is 1.011 (<1.96) with a significance value of 0.312 (>0.05). This shows that financial literacy has no effect on entrepreneurial intentions. Meanwhile, self-confidence has an impact on entrepreneurial intentions, because the T-calculation result is 5.252 (>1.96) with a significance value of 0.000 (<0.50). This shows that self-confidence has a positive influence on entrepreneurial intentions. And the environment has an impact on entrepreneurial intentions, with a T-count result of 2,031 (>1.96) with a significance value of 0.043 (<0.50). This shows that the environment also has a positive and significant influence on entrepreneurial intentions.

Kata Kunci:

Literasi
Keuangan;
Percaya Diri;
Lingkungan;
Intensi
Berwirausaha.

Abstract

Penelitian ini bertujuan untuk mengetahui pengaruh dari literasi keuangan, rasa percaya diri dan lingkungan terhadap intensi berwirausaha pada generasi Z di Sidoarjo. Menggunakan teknik *Probability Sampling*, dengan menggunakan metode simple random sampling dalam mengumpulkan sampel penelitian. Populasi penelitian ini adalah generasi Z di wilayah Sidoarjo dengan tahun kelahiran 1997 – 2006 dengan jumlah sampel 128 orang. Metode analisis ini menggunakan *Structural Equation Modeling* (SEM) yang diukur menggunakan *Partial Least Square* (PLS), dengan menggunakan alat bantu aplikasi *software* pengolahan data SmartPLS 3.0. Hasil dari penelitian ini menunjukkan bahwa literasi keuangan tidak berdampak terhadap intensi berwirausaha karena T-Hitung 1,011 ($<1,96$) dengan nilai signifikansi 0,312 ($>0,05$). Hal ini menunjukkan bahwa literasi keuangan tidak berpengaruh terhadap intensi berwirausaha. Sedangkan self confidence memiliki dampak terhadap intensi berwirausaha, karena hasil nilai T-Hitung 5,252 ($>1,96$) dengan nilai signifikansi 0,000 ($<0,50$). Hal ini menunjukkan bahwa self confidence memiliki pengaruh positif terhadap intensi berwirausaha. Dan Lingkungan memiliki dampak secara pada intensi berwirausaha, dengan hasil T-Hitung 2.031 ($>1,96$) dengan nilai signifikansi 0,043 ($<0,50$). Hal ini menunjukkan bahwa lingkungan juga memiliki pengaruh positif dan signifikan terhadap intensi berwirausaha.

INTRODUCTION

Economic growth is an essential indication in measuring the economic condition of a country. According to data from the Central Statistics Agency (BPS), the unemployment rate in Sidoarjo reached 8.05%. According to (Putry, Wardani, and Jati 2020), efforts to overcome unemployment problems by improving the quality of human resources, creating jobs and fostering an entrepreneurial spirit. The more the younger generation opens up jobs, the more the unemployment rate in an area will be slightly resolved. In opening new jobs, individuals must start a business accompanied by a strong desire, in a psychological language called intention. Entrepreneurial intention is a form of seriousness, intention and determination that a person has in opening a new business to open up jobs. Parker, cited through (Kempa and Bilviary 2022), states that entrepreneurial intention can be a driving force for a person in creating a new business and shows the desire of a person to take action. According to Ozaralli & Rivenburgh; Holmgren & From (Hasmidyani, Mardetini, and Eka Amrina 2022) state the entrepreneurial escalated plays and vital part in opening a inused commerce. So, people got to have more information in arrange to capture and take advantage of existing openings. According to Paramitha cited through (Rajab 2022), entrepreneurial intentions can be measured through indicators of the ability to work hard and take risks and the existence of education.

Financial literacy benefits every individual, especially prospective entrepreneurs, because it can make it easier for individuals to pay attention to and analyze the funds used in running a business. (Effrisanti and Wahono 2022) Financial literacy is a combination of awareness, understanding, knowledge, and financial concepts to make financial decisions. (Ling and Kurniawan 2023) by having a great understanding of monetary education, era Z will have the ease of overseeing accounts shrewdly. (Odila and Setiyono 2023) Stated that a high level of understanding of financial literacy regarding optimal financial planning, responsibility, and management of financial decisions will also be better and more directed. According to (Effrisanti and Wahono 2022) financial literacy can be measured through indicators of mastering financial concepts, talent in managing personal finances, and skills in making appropriate financial decisions.

In addition to financial literacy, self-confidence is one of the drivers in entrepreneurial activities. This self-confidence is internal, very relative, dynamic and is largely determined by the ability to start, carry out and complete a job (Hadiyati and Fatkhurahman 2021). (Trihudiyatmanto 2023) states that self-confidence can affect mental development and individual character. When individuals have strong determination and are able to put themselves in the right position and posture, they can build strong self-confidence (Rahmatullah, Hajerah Hasyim, and Noviani 2023). In entrepreneurial activities, great self-confidence is needed in order to be able to gain success in entrepreneurship (Rangkuti and Malik 2022). Self-confidence can be measured through indicators of confidence in one's personal competencies, performing independently in making decisions, having a high quality self-concept, and bold to explicit evaluation.

The environment also plays a role in shaping entrepreneurial intentions, especially in the younger generation. According to Bryan cited through (Mahbubah and Kurniawan 2022), the environment is the whole phenomenon of several events, situations, or conditions that affect or are affected by individual development. (Wati et al. 2023) the environment incorporates all

conditions in which there are certain ways that can impact a person's behavior. (Saragih et al. 2022), social conditions can be used to picture future conditions and describe entrepreneurship formation factors for various levels. The environment is one of the external factors that can encourage individuals to carry out the goals they want to achieve. (Khoiriyah, Sudarno, and Setyowibowo 2022) External factors that affect entrepreneurial intention in a person are in the form of an environment that occurs in the family and society and factors that are within the scope of knowledge and opportunities. The environment can be measured through indicators of the family, educational, and social environment.

This research is based on a literature review of previous research that has been described, and this research was conducted because there are gaps that can be developed. Novelty in this study has yet to find much research that combines financial literacy, self-confidence, and environmental variables on entrepreneurial intention in Generation Z.

METHODS

This examine make use of a quantitative technique by means of correlating financial literacy, self-confidence, and environment to entrepreneurial intentions. The data collection technique in this study uses the Probability Sampling technique using simple random sampling. The populace of this study is Generation Z in Sidoarjo city, with birth limits from 1997 to 2006. In determining the unknown sample using the Lameshow method as follows :

$$n = \frac{Z^2 \cdot P \cdot (1 - P)}{d^2}$$

Description :

n : Sample quantity

Z : The Z score for a 95% confidence level is 1.96

P : Maximum estimated

d : Fault rate

The sample size was determined using the Lameshow formula with a maximum estimate of 50% and an error rate of 10%.

$$n = \frac{Z^2 \cdot P \cdot (1 - P)}{d^2}$$

$$n = \frac{1,96^2 \cdot 0,5 \cdot (1 - 0,5)}{0,1^2}$$

$$n = \frac{3,8416 \cdot 0,5 \cdot (1 - 0,5)}{0,1^2}$$

$$n = \frac{0,9604}{0,1^2}$$

$$n = 96,04 = \text{The researcher rounded the value to 100}$$

This study employed a minimum of 100 respondents, with 128 completing the distributed questionnaire. In measuring reactions from respondents, analysts utilized a 5-Point Likert scale when conveying explanation surveys concurring to foreordained markers to

respondent in Sidoarjo, particularly era Z. This 5-Point Likert scale comprises of (1 = Very Disagree, 2 = Disagree, 3 = Unsure, 4 = Agree and 5 = Very Agree). Structural Equation Modeling - Partial Least Square (SEM-PLS) turned into used as the data analysis technique with SmartPLS3 statistic processing tools.

RESEARCH AND DISCUSSION

a. Characteristics of Respondents

The study collected data by distributing questionnaires, receiving 160 responses, of which 128 have been processed. The respondents were predominantly female (81) and male (47) Generation Z individuals aged among 16 and 27 years old, residing in Sidoarjo, who expressed an interest in entrepreneurship.

b. Data Analysis

1. Analysis of the Measurement Model Test (Outer Model)

a. Convergent Validity

Convergent validity is the evaluation of how well indicators measure latent variables. This is determined by the Outer Loadings value in the table, which indicates the suitability of the indicator with the variable. Indicators are considered valid if they have a value of > 0.7 . The initial measurement model can be seen in the figure below:

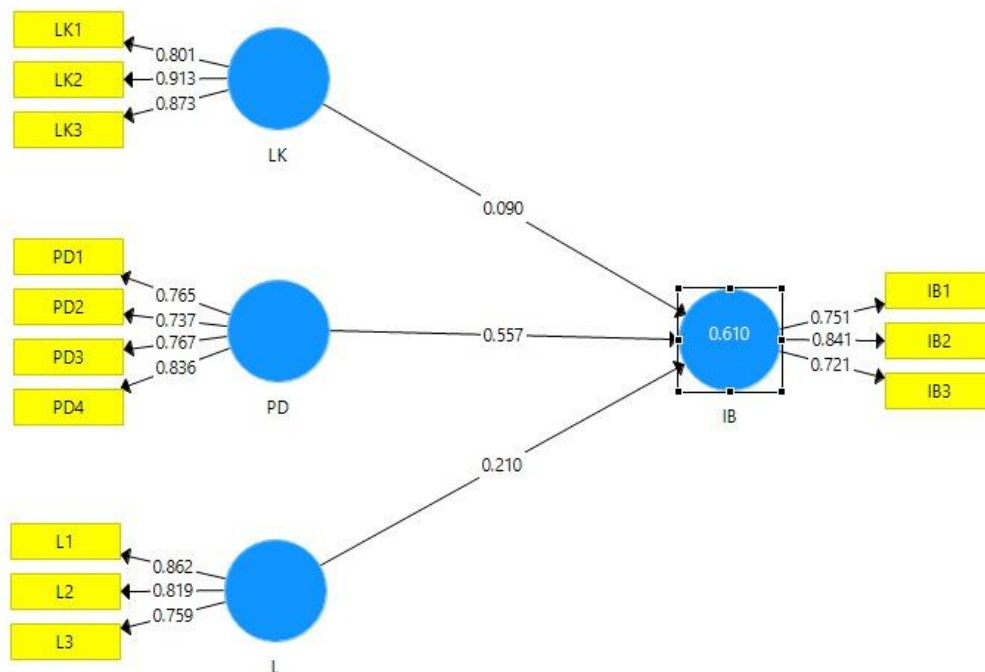


Figure 1 :
Baseline Measurement Model

Table 1 :
Outer Loading Score

	IB	L	LK	PD
IB1	0,751			
IB2	0,841			
IB3	0,721			
L1		0,862		
L2		0,819		
L3		0,759		
LK1			0,801	
LK2			0,913	
LK3			0,873	
PD1				0,765
PD2				0,737
PD3				0,767
PD4				0,836

Based on the variables listed above, it is evident that all indicators have a loading factor value above 0.7, which fulfills the requirements for convergent validity. Therefore, the variable measurement model provides good validity and reliability. Additionally, the outer loading of all manifest variables to the construct and the outer loading of the construct are both > 0.7 , indicating that the construct value is reliable.

b. Discriminant Validity

The discriminant validity of a latent variable is considered qualified if the squared correlation between latent constructs is lower than the Average Variance Extracted (AVE) of each related construct or if the square root of the AVE is greater than the correlation between latent constructs.

Table 2 :
Correlation Results between Variable Constructs

	IB	L	LK	PD
IB	0,773			
L	0,630	0,814		
LK	0,618	0,629	0,864	
PD	0,758	0,653	0,712	0,777

The squared correlation between latent constructs is lower than the AVE of each related construct, indicating that discriminant validity has been achieved.

c. Reliability Testing

A reliability test measures how much measurement instruments can be trusted to provide consistent and accurate results. The composite reliability value should be above 0.7, and the AVE value should be above 0.5 to test reliability.

Table 3 :
Reliability Value Results

	Composite Reliability	Average Variance Extracted (AVE)
IB	0,816	0,597
L	0,855	0,663
LK	0,898	0,746
PD	0,859	0,604

Based totally at the table above, it is evident that the composite reliability value is more significant than 0.70, and the AVE value is greater than 0.5. Therefore, the indicators used in this study demonstrate high consistency and reliability.

2. Analysis of Structural Model Testing (Inner Model)

The following step involves testing the inner model, specifically the structural model. The coefficient of determination (R²) is then tested to measure the extent to which exogenous variables explain endogenous variables. A higher coefficient of determination indicates a better predictive value.

Table 4 :
Coefficient of Determination

	R Square	R Square Adjusted
IB	0,610	0,601

Table 4 shows that Financial Literacy (LK), Self-Confidence (PD), and Environment (L) can explain 61% of Entrepreneurial Intention (IB), indicating a strong influence of these variables. The complete structural model designed in the study is presented in the figure below :

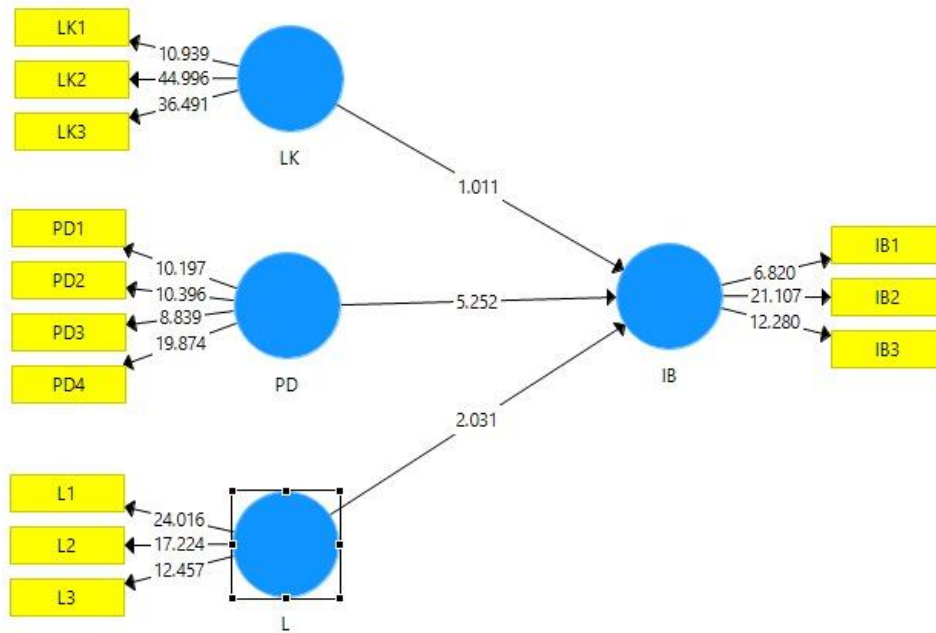


Figure 2 :
Testing Results on Structural models

Table 5
Hypothesis Path Coefficient Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
L -> IB	0,210	0,216	0,103	2,031	0,043
LK -> IB	0,090	0,099	0,089	1,011	0,312
PD -> IB	0,557	0,541	0,106	5,252	0,000

The table above shows that the 3 factors observed, self-confidence has a positive and significant effect on entrepreneurial intention because of the T-Count value of 5.252 (>1.96) and P-Value 0.000 (<0.05). The environment has a positive and significant effect on entrepreneurial intention because of the T-Count value of 2.031 (>1.96) and P-Value of 0.043 (<0.50). In contrast, financial literacy does not affect entrepreneurial intention because the T-Count value is 1.011 (<1.96), and the P-value is 0.312 (>0.05).

CONCLUSION

From the discussion of data analysis that has been done, it can be concluded that financial literacy has no influence on entrepreneurial intentions (Path Coefficient: 0.090), which is statistically insignificant because T-Count 1.011 (<1.96) and P-Value: 0.312 (>0.05). Trust has a positive effect on entrepreneurial intention (Path Coefficient: 0.557), which is statistically significant because of T-Count: 5.252 (>1.96) and a P-value of 0.000 (<0.05). The environment has a positive effect on entrepreneurial intention (Path Coefficient: 0.210), which is statistically significant because of T-Count: 2.031 (>1.96) and P-Value: 0.043 (<0.50).

Based on the research results, there are suggestions for further research. Further researchers can add variables and indicators that can affect entrepreneurial intentions. Also, researchers can add the number of samples and a broader area to obtain new findings about entrepreneurial intentions.

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