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How does Entrepreneurial Literacy and Financial Literacy Influence Entrepreneurial Intention in Perspective of Economic Education?

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Abstract

Indonesia has many human resources, most of which explore its ability to continue to develop through education, and one of them is tertiary institutions. In higher education institution, students are required to become competent bachelor graduates who have ideas, creativity, and knowledge that can be implemented to the community. University graduates with a diploma or degree are considered to have contributed to the number of unemployment figures due to the low intention to do entrepreneurship. This study aims to examine and analyze the effect of entrepreneurial literacy and financial literacy on entrepreneurial intentions. This research is a quantitative research. Data collection techniques carried out by observation, interviews, documentation, and questionnaires. The population in this study was 582 students of the Economic Education Study Program who came from public and private tertiary institutions in Makassar City, South Sulawesi, Indonesia, with a sample of 420 students. The analysis technique used is multiple linear regression. The results showed that partially, entrepreneurial literacy had a positive influence on entrepreneurial intentions, and financial literacy had a positive effect on student entrepreneurial intentions. Simultaneously, entrepreneurial literacy and financial literacy have a positive influence on student entrepreneurship intentions.

Keywords: *Entrepreneurial Literacy, Financial Literacy, Entrepreneurial Intention, Student, Makassar City.*

1. Introduction

The problem of unemployment in Indonesia is still a scourge that is difficult to overcome. Until entering the industrial era 4.0 this country must be forced to race in the rapid development of the world, especially in the field of technology and information that also affects all other aspects of life. The development of science and technology is currently increasingly demanding an increase in ability and skills. Still, the problem of unemployment still cannot be overcome because of many human resources who cannot compete for job opportunities (Musa & Hasan, 2018; Zainal et al., 2018).

It is known that entrepreneurial intention is influenced by a number of factors, including the attitude towards entrepreneurial intention and subjective norm factors, demographic factors, which consist of gender, education and education level, and family socioeconomic factors, namely the type of parent's work. Roxas et al., (2008) explains that entrepreneurial

knowledge (one of them is financial knowledge) influences entrepreneurial intention. Entrepreneurship learning in college will educate students in making economic decisions as well as ways of thinking or knowing economic concepts so that this is expected to create economic literacy (Roudaki, 2009; Zhou & Xu, 2012; Lackeus, 2015; Hasan et al., 2019; Hasan et al., 2019). According to Lusardi and Mitchell (2014), financial literacy is individual knowledge in managing economic information for decision making. Financial literacy is knowledge about financial management that is owned in order to develop for a more prosperous life in the future. So it can be concluded that financial literacy is the knowledge of individuals in managing their personal finances which will later be used to make decisions.

With the number of graduates becoming matters rather than creating jobs, the number of entrepreneurs in Indonesia has not increased significantly. Students find it difficult to start entrepreneurship because they are not taught and are stimulated to try on their own (Lee et al., 2011). In an effort to increase the number of entrepreneurs, it must start with growing interest in entrepreneurship. It should start at the school level to college. Various efforts are made to grow entrepreneurial intention, especially changing the mindset of students who are still oriented as job seekers rather than job creators.

Entrepreneurs form the backbone of all successful economies globally since they are considered as the vital source of economic growth in the provision of employment opportunities, eradicating poverty and contributing to the development of gross domestic product (GDP) of both developed and developing countries (Hussaina et al., 2017). Students with an entrepreneurial background should have had the initial provisions related to the world of entrepreneurship, and sufficient entrepreneurial literacy. Initial understanding of doing business or business of course they once felt as well as the process of managing a family business so that it can last until now. Many findings shows that financial literacy lead to a number of positive impact to business such as: (1) equip individuals with financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions; (2) facilitate the decision making processes such as payment of bills on time, proper debt management which can improve the credit worthiness of potential borrowers to support business performance (Eniola & Entebang, 2016); (3) enables investors to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions (Lusardi & Mitchell, 2014) and (4) ultimately achieve individual financial well-being (Eniola & Entebang, 2016).

Based on this, the focus of the study in this article is related to the effect of entrepreneurial literacy and financial literacy on the entrepreneurial intentions of students in the economic education study program in Makassar City, particularly in the aspect of economic education as seen from indicators of entrepreneurial attitudes and behavior.

2. Literature Review

2.1 Entrepreneurial Literacy and Entrepreneurial Intention

Scarborough and Zimmerer (1993) define entrepreneur (entrepreneur), namely entrepreneur is a person who creates a new business in dealing with risks and uncertainties

with a view to gaining profit and growth by recognizing opportunities and combining the resources needed to take advantage of opportunities the. According to Meredith (2002) entrepreneurship is to integrate personal, financial and resource characteristics, so that entrepreneurship is a job or career that must be flexible and imaginative, able to plan, take risks, make decisions and take actions to reach the goal. empowered, creative, initiative and understated in trying to increase revenue in business activities.

People who do entrepreneurial activities are called entrepreneurs. The question arises why a person entrepreneur has a way of thinking that is different from humans in general. They have the motivation to call on souls, perceptions and emotions that are closely related to values, attitudes and behavior as superior human beings. According to Covin and Slevin (1991), entrepreneurial orientation is shown by the extent to which top managers tend to take risks related to business (risk dimensions), support change and innovation in order to gain competitive advantage for companies (innovation dimensions), and compete aggressively with other companies (proactive dimension).

Lewin (2011) states that one of the most important areas of literacy in the information age is economic literacy, because with the awareness and understanding of a good economy, it can make people survive and develop a variety of businesses in the midst of difficult economic life so it is hoped that later it can increase one's level of creativity and in the end also be able to develop entrepreneurial intention.

Hereby, certain longitudinal and cross-sectional studies suggest a positive relationship between entrepreneurial education and self-employment, whereas other studies present contrarian findings (Lee & Wong, 2003). It is prevalently argued that entrepreneurship education on secondary schools or universities does not match the respective needs of potential company founders (Thompson et al., 2010). The importance of the role of entrepreneurship knowledge in building entrepreneurial spirit in students is as a basis for doing business they want to start, because without adequate Entrepreneurial Knowledge it will be difficult for college graduates to solve problems related to entrepreneurship in their business. Thus, the hypothesis proposed is:

H₁: Entrepreneurial Literacy has a positive and significant effect on entrepreneurial intention.

2.2 Financial Literacy and Entrepreneurial Intention

According to Kiyosaki (2008) financial intelligence or financial literacy is part of a person's mental intelligence related to how to find solutions to financial problems. According to the FSA (2013) financial literacy is a series of activities to be able to improve the knowledge, beliefs and skills of consumers and the wider community. Financial literacy enables entrepreneur to make effective decisions on utilization of financial products and services (Wise, 2013).

Financial literacy has developed in recent years and is getting more attention, especially in developed countries. The term financial literacy is the ability of an individual to make decisions in terms of his personal financial arrangements. It is acknowledge that an entrepreneur with best financial behaviour may results in improve business performance and

financial wellbeing. Jappelli and Padula (2013) find similar results for postulates that financial behaviour provide information about the extent to which entrepreneur's takes responsibility for business finances and budgeting. A good financial behaviour might lead to business enterprise competitiveness in a globalized economy while poor financial behaviour lead to business closedown. Based on previous studies, financial literacy is significantly linked to financial behaviours such as book keeping, savings, cash management, debt management and investment decisions that maximizes benefits for entrepreneurial business owners (ACCA, 2014). The existence of financial literacy will help individuals in managing personal financial planning, so that individuals can maximize the time value of money and the benefits obtained by individuals will be even greater and will improve their standard of living. The entrepreneurial business are clues to some critical matters and many studies dealt with the subject matter from different perspectives. This Current study discusses one of the important issues financial literacy is a particular problem of entrepreneurs, business may have a tendency of having very high growth but nevertheless, they are more likely to go out of business or remain stunted due to institutional and financial literacy complications. Thus, the hypothesis proposed is:

H₂: Financial Literacy has a positive and significant effect on entrepreneurial intention.

3. Methodology

The approach used in this study is a quantitative approach that uses indepth data analysis in the form of numbers. The subjects in this study were active students in the economic education study program in Makassar City who had graduated from entrepreneurship courses. In this study, the independent variables are entrepreneurial literacy and financial literacy, while the dependent variable is entrepreneurial intentions.

Measurement of variables in this study was measured using a Likert scale. The population in this study were all active students in the economic education study program in Makassar City who had graduated in entrepreneurship courses 582 students. The sampling technique in this study is to use a purposive sampling technique which is a sampling technique where the researcher determines the sampling by determining specific criteria or characteristics in accordance with the research objectives so that it is expected to answer the research problem, so the number of samples in this study is 420 students. Testing the hypothesis in this study using the t test and F test with multiple regression analysis techniques using the help of SPSS 21.0 program.

4. Results and Discussion

Based on the results of data processing through the SPSS 21.0 program, the regression equation for this study is

$$Y = 8,135 + 0,731X_1 + 0,389X_2 + e \quad (1)$$

Based on these equations, it appears that both entrepreneurial literacy and financial literacy have a positive effect on entrepreneurial intention. The results of testing the hypothesis,

both simultaneously and partially can be seen in the following table.

Table 1. Simultaneous hypothesis testing

Simultant Test	F	Sig.	Conclusion
	11,202	0,003	H0 rejected H1 accepted

Table 2. Partial hypothesis testing

Variable	t	Sig.	Conclusion
Entrepreneurial Literacy	3,896	0,002	H0 rejected H1 accepted
Financial Literacy	4,617	0,004	H0 rejected H1 accepted

From the results of simultaneous testing, the calculated F value of 11,202 was obtained with a significance value of 0,003. This significance value is smaller than the α value of 0,05, so it can be concluded that entrepreneurial literacy and financial literacy simultaneously have a significant effect on student entrepreneurial intention. These findings indicate that entrepreneurship literacy and financial literacy affect the entrepreneurial intention of students of economic education simultaneously or together.

Based on the calculation results presented in the SPSS output table, the calculated t value for the X_1 variable = 3,896 with a significance of 0,002. Because the significance value is less than 5 percent, so the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. So it can be concluded that entrepreneurial literacy (X_1) influences entrepreneurial intention. From the previous regression equation it can be seen that there is a positive effect shown by the entrepreneurial literacy variable which indicates that the higher the entrepreneurial literacy that is owned by students, the higher the interest in student entrepreneurship. Based on the results of calculation output using the SPSS program, it is known that the t value for the financial literacy variable (X_2) is equal to 4,617 with a significance of 0,004. Because the significance value is less than 5 percent, so the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. Based on these results it can be concluded that the financial literacy variable has an effect on entrepreneurial intention. The influence of financial literacy variables is also positive, meaning that the higher the financial literacy owned by students, the higher the interest in student entrepreneurship.

5. Conclusions

As partially there is a positive and significant influence between entrepreneurial literacy on entrepreneurial intention in economic education students as seen from indicators of entrepreneurial attitudes and behavior, business opportunities and business aspects. It is known

that the more extensive knowledge of entrepreneurship students will affect the interests of entrepreneurship. Partially there is a positive and significant influence between financial literacy on entrepreneurial intention in students of economic education viewed indicators of general knowledge of finance, banking and insurance and investment. It is known that the higher financial literacy owned by students will increase interest in entrepreneurship because of knowledge to manage finances both personally and in money management business.

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