

Research Article

# Financial Literacy and Entrepreneurial Intention: The Mediating Role of Motivational Factor

Ida <sup>1,\*</sup>, Henky Lisan Suwarno <sup>2</sup>

<sup>1-2</sup> Faculty of Law and Digital Business, Universitas Kristen Maranatha; Street. Jl. Prof. drg. Soeria Soemantri No.65, Sukawarna, Kec. Sukajadi, Kota Bandung, Jawa Barat 40164

\* Corresponding Author : [ida@eco.maranatha.edu](mailto:ida@eco.maranatha.edu)

**Abstract:** Increasing the rate of entrepreneurship is crucial for promoting inclusive and sustainable economic growth, as it serves as a vital component of the economy and job creation. This study aims to analyze the factors that influence entrepreneurial intention among Generation Z (Gen Z), with a specific focus on financial literacy and motivational factors as mediating variables. A total of 114 Gen Z individuals domiciled in West Java participated as respondents in this study. The research employed quantitative methods with data collection through questionnaires and data analysis techniques using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The findings reveal that financial literacy does not have a significant direct effect on entrepreneurial intention. However, motivational factors are found to play an essential mediating role, strengthening the indirect effect of financial literacy on entrepreneurial intention. Furthermore, the study shows a direct and positive relationship between motivational factors and entrepreneurial intention, as well as a direct effect of financial literacy on motivational factors. These results suggest that enhancing financial literacy alone may not be sufficient to increase entrepreneurial intention without the support of strong motivational drives. The implication of this study highlights the importance of designing educational curricula and training programs that not only build financial knowledge but also foster entrepreneurial motivation. Such efforts can ultimately strengthen entrepreneurial intention and contribute to sustainable economic growth. The limitation of this study lies in its focus on Gen Z respondents exclusively from West Java, which may affect the generalizability of the findings.

**Keywords:** Entrepreneurial Intention; Entrepreneurship; Financial Literacy; Gen Z; Motivational Factors;

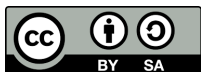
Received: July 26, 2025

Revised: August 15, 2025

Accepted: September 05, 2025

Published: September 24, 2025

Curr. Ver.: September 24, 2025



Copyright: © 2025 by the authors.

Submitted for possible open

access publication under the

terms and conditions of the

Creative Commons Attribution

(CC BY SA) license

(<https://creativecommons.org/licenses/by-sa/4.0/>)

## 1. Introduction

Entrepreneurship has a crucial role in achieving Indonesia's golden age by 2045. In 2045, It is also predicted that Indonesia has a demographic bonus. With most of the Indonesia's population expected to be a productive age by 2045, entrepreneurship has a crucial role in creating jobs that can open job opportunities, absorb a productive workforce, create innovation, and increase productivity. Indonesia's entrepreneurship ratio in 2025 will only reach 3.35%. This ratio is lower than Malaysia (4.74 percent) and Singapore (8.76 percent)[1] and the number of young entrepreneurs aged 20-29 is only 6.100.000, and this is only 11% of total entrepreneurs in Indonesia. This ratio is relatively low [2]. Indonesia has targeted an increase in the entrepreneurship ratio by 3.6% in 2029 [3] and to achieve Indonesia's golden age in 2045 as a developed country, the entrepreneurship ratio that must be achieved is between 12%-14%. This ratio is still far behind. Increasing the entrepreneurship ratio is a key to promoting inclusive, sustainable economic growth and is a primary force of national economic growth. Thus, understanding the determinants of entrepreneurial intention,

especially among Gen Z, is crucial to increase the entrepreneurship ratio among the younger generation and support Indonesia's golden age by 2024.

An essential aspect to understand entrepreneurial intention is financial literacy. According to OJK (2025), financial literacy encompasses not only an individual's financial knowledge and skills but also their beliefs, which collectively inform their attitudes, behaviors, and decision-making in managing financial resources to achieve long-term well-being [4]. Individuals who possess a high level of financial literacy are generally better equipped to navigate financial risks, recognize viable business opportunities, allocate resources efficiently, and make better financial decisions. This competency is widely regarded as a foundational element in launching and sustaining a successful business venture [5][6]. This view aligns with the study of Anggraini & Sakti (2025), which found that financial literacy positively impacts entrepreneurial intention among students at the State University of Surabaya [7]. Similar findings were reported by Ling & Kurniawan (2023), who observed that financial literacy positively influenced the entrepreneurial intention of Indonesian high school students [8]. However, not all studies align with this perspective. Research by Alshebami & Marri (2022), focusing on prospective entrepreneurs at Abqaiq Entrepreneurial Intention Applied College under King Faisal University, found no direct correlation between financial literacy and entrepreneurial intent [9]. These results can be attributed to prospective entrepreneurs who have entrepreneurial intentions but are constrained by other factors.

Another factor to consider is the role of motivational factors. Based on previous research, several motivational factors can drive an individual's entrepreneurial intentions, like the need for higher income, achievement, challenges, and learning; freedom and autonomy; recognition and status; family background and its role; community and social motivation; personal growth [10]–[13]. Therefore, this study aims to analyze the influence of financial literacy on entrepreneurial intentions, mediated by the role of motivational factors. This study is expected to contribute to understanding the factors influencing entrepreneurial intentions among Gen Z in West Java.

## 2. Literature Review

### Financial Literacy and Entrepreneurial Intention

Financial literacy is an individual's knowledge, skill, and beliefs that influence their attitudes and behavior in deciding financial management to achieve well-being in their life [4]. Financial literacy includes understanding budgeting, saving, investment, debt management, and understanding risk and return [14]. Entrepreneurial intention is an individual's awareness and confidence to start a business. Financial literacy, in the form of knowledge of financial principles, can help them allocate their resources effectively, manage risks, and identify business opportunities [5], so that it can drive entrepreneurial intentions.

H1: Financial literacy has a positive influence on Entrepreneurial intention

### Financial Literacy and Motivational Factors

An individual's drive to achieve specific financial goals can be raised by having financial knowledge and skills. This supports the study of Ahmad & Bakar's (2021) in students of Malaysia, which found that financial literacy can motivate students to engage in entrepreneurship [15].

H2: Financial Literacy has a positive effect on motivational factors.

### Motivational Factors and Entrepreneurial Intention

An individual's desire to start a business depends on their motivation [16]. Independence, opportunity, to be a boss, earning more money, being wealthy, job satisfaction, and achievement are motivational factors for people to start a business. Motivational factors can transform a person's intention into action [17]. According to study's of Raza (2018), students in Pakistan chose to become entrepreneurs because they felt responsible and wanted to be successful. Entrepreneurial intention is significantly shaped by motivating factors [18]. This

is also consistent with the study of Kemalasari et al. (2025), found that motivational factors positively influence entrepreneurial intention [19].

H3: Motivational factors have a positive effect on entrepreneurial intention.

### Financial Literacy, Motivational Factors, and Entrepreneurial Intention

Individuals who understand financial management tend to be more effective in managing risk and capital. Financial literacy not only enhances one's ability to plan and manage their finances but also fosters confidence in evaluating business opportunities, which are essential for increasing entrepreneurial intention [20]. According to the Theory of Planned Behavior (Ajzen, 1991), intention is influenced by three factors. The three motivational factors that influence intention are attitude toward the behavior, subjective norms, and perceived behavioral controls [21]. These motivational factors act as a mediator between knowledge and intention. This framework aligns with the studies of Kemalasari et al. (2025), which found that financial literacy has a positive impact on entrepreneurial intention mediated by Motivational factors [19].

H4: Financial literacy has a positive impact on entrepreneurial intention mediated by Motivational factors

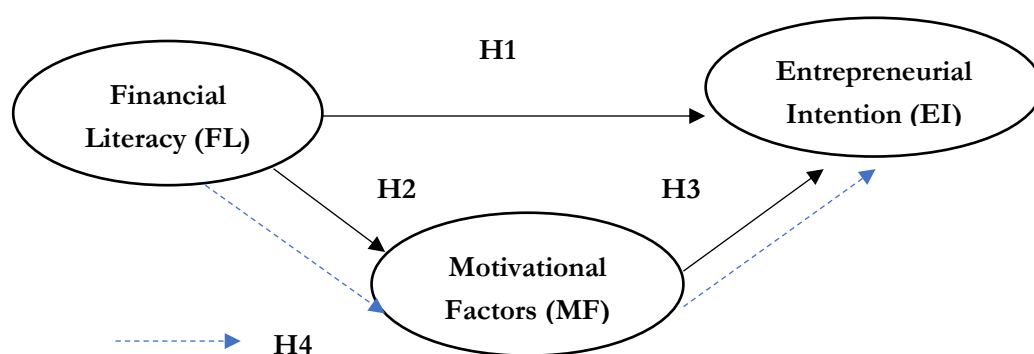


Figure 1. Model Penelitian

### 3. Method

This study uses a quantitative approach with an explanatory research method to determine whether there is an influence of financial literacy on entrepreneurial intention mediated by motivational factors. Data collection used a survey by distributing questionnaires to Generation Z born between 1997 and 2012 who live in West Java. The number of respondents in this study was 114. It has met the appropriate sample size of 30-500 respondents [22]. The data analysis technique used in this study is Partial Least Squares–Structural Equation Model (PLS-SEM) using question indicators adopted from previous studies.

### 4. Results and Discussion

#### Results

The result of the validity and reliability tests in tables 1, 2, and 3 indicates that the data in this study are valid and reliable. The loading factor value for each indicator is  $>0.7$ ; the Average Variance Extracted (AVE) for each variable is  $>0.5$ ; the cross-loading value for each construct is  $>$  the other constructs, the HTMT value is  $< 0.9$ ; and the Cronbach's alpha and composite reliability values are  $>0.7$  [23], [24].

**Table 1.** Validity and Reliability Test Result

Variable	Indicator	AVE	Loading Factor	Cronbach's Alpha	Composite Reliability
Entrepreneurial intention	EI1	0.652	0.764	0.893	0.899
	EI3		0.799		
	EI4		0.799		
	EI5		0.804		
	EI6		0.795		
	EI7		0.881		
	FL6		0.804		
Financial literacy	FL7	0.630	0.832	0.805	0.817
	FL9		0.737		
	FL10		0.799		
	MF13		0.728		
	MF17		0.741		
	MF18		0.751		
	MF19		0.732		
Motivational Factor	MF20	0.546	0.714	0.882	0.885
	MF22		0.721		
	MF24		0.740		
	MF25		0.785		

**Table 2.** Cross-Loading Test Result

	Entrepreneurial Intention	Financial Literacy	Motivational factor
EI1	<b>0.764</b>	0.251	0.325
EI3	<b>0.799</b>	0.288	0.393
EI4	<b>0.799</b>	0.233	0.507
EI5	<b>0.804</b>	0.343	0.416
EI6	<b>0.795</b>	0.251	0.420
EI7	<b>0.881</b>	0.326	0.455
FL6	0.215	<b>0.804</b>	0.339
FL7	0.375	<b>0.832</b>	0.295
FL9	0.211	<b>0.737</b>	0.289
FL10	0.288	<b>0.799</b>	0.225
MF13	0.395	0.161	<b>0.728</b>
MF17	0.518	0.249	<b>0.741</b>
MF18	0.382	0.365	<b>0.751</b>
MF19	0.406	0.262	<b>0.732</b>
MF20	0.282	0.397	<b>0.714</b>
MF22	0.426	0.213	<b>0.721</b>
MF24	0.310	0.165	<b>0.740</b>
MF25	0.332	0.288	<b>0.785</b>

**Table 3.** Heterotrait-monotrait ratio (HTMT) Test Result

	EI	FL	MF
EI			
FL	0.404		
MF	0.574	0.421	

The adjusted R<sup>2</sup> for MF is 12.3%. MF can be explained by variations in FL by 12.3%, while the remaining 87.7% can be explained by other variables outside of FL. Furthermore, the adjusted R<sup>2</sup> for EI is 29.3%. EI can be explained by variations in FL and MF by 29.3%, while the remaining 70.7% can be explained by other variables outside of FL and MF.

**Table 4.** R<sup>2</sup> adjusted

Variable	R <sup>2</sup> adjusted
EI	0.293
MF	0.123

**Table 5.** Hypothesis Test

Hypothesis	T statistics	P value
H1: FL → EI	1.857	0.063
H2: FL → MF	3.974	0.000
H3: MF → EI	5.132	0.000
H4: FL → MF → EI	2.769	0.006

According to table 5, P value of H2, H3, and H4 is  $<0.05$ . H2, H3, and H4 are supported. This indicates that financial literacy has positive and significantly effect on motivational factors, motivational factors has positive and significantly effect on entrepreneurial intention, and motivational factors fully mediate the positive effect of financial literacy on entrepreneurial intention. Meanwhile, H1 is not supported. This indicates there is no effect financial literacy on entrepreneurial intention.

## Discussion

Based on the result of the first hypothesis test, there is no significant effect of financial literacy on entrepreneurial intentions. This result is in line with the studies by Alshebami & Marri (2022); Wicaksono et al. (2024); Azhar et al. (2025), which found that there was no direct influence of financial literacy on entrepreneurial intention [9], [25], [26]. This result aligns with the Theory of Planned Behavior, which emphasizes the importance of attitude toward the behavior, subjective norms, and perceived behavioral controls as determinants of entrepreneurial intentions. This finding suggests that financial literacy alone is not sufficient to support individuals' entrepreneurial intentions.

The second hypothesis test is accepted. This result indicates that financial literacy has a statistically significant and positive impact on motivational factors, with a coefficient of 3.974 and a P value of  $0.000 < 0.05$  (Table 5). This result aligns with the study by Ahmad & Bakar (2021), which showed that a higher level of financial literacy enhances an individual's motivation to become an entrepreneur [15]. Motivations such as having adequate personal savings, emulating admired role models, enjoying personal fulfillment, supporting one's family, believing in one's entrepreneurial capabilities, providing employment for family members, strengthening family bonds, and seeking enjoyment all contribute to this effect. Adequate financial literacy can reinforce an individual's motivation to achieve specific financial goals, thereby fostering a positive attitude toward sound financial behaviors.

The result of the third hypothesis is accepted. It means that motivational factors have a statistically significant and positive impact on entrepreneurial intention, with a coefficient of 5.132 and a P value of  $0.000 < 0.05$  (Table 5). This finding is consistent with Raza et al. (2018), who found that motivational factors, like the willingness to bear responsibility and drive to achieve success, positively affect entrepreneurial intention [18]. Similarly, Farzana (2018) found a significant impact of the motivation to achieve and the intention to engage in entrepreneurship [27].

The fourth hypothesis test is accepted that motivational factors fully mediate the effect of financial literacy on entrepreneurial intention. This study suggests that financial literacy motivates Gen Z to pursue entrepreneurship as a path to success. The mediating role of motivation is crucial in transforming an individual's financial literacy into a genuine intention to become an entrepreneur. This result is consistent with Kemalasari et al. (2025), who found the interaction between financial literacy and motivational factors in fostering entrepreneurial intention among Gen Z [19].

## 5. Conclusion

This study concludes that financial literacy does not have a direct impact on entrepreneurial intention; motivational factors mediate the positive relationship between financial literacy and entrepreneurial intention. There is a direct impact of motivational factors on entrepreneurial intention and a direct impact of financial literacy on motivational factors. These findings suggest the importance of enhancing financial literacy by developing an educational curriculum that can increase entrepreneurial motivation, ultimately increasing entrepreneurial intention among Gen Z. A limitation of this study is the sample, which was restricted to Gen Z in West Java.

**Acknowledgments:** The author gratefully acknowledges Maranatha Christian University for their financial support in conducting this research.

## References

- [1.] Direktorat Jenderal Perdagangan Dalam Negeri, "Kemendag pada info franchise & business concept 2025," antaranews, 2025. <https://ditjenpdn.kemendag.go.id/berita/kemendag-pada-info-franchise-business-concept-2025> (accessed Jul. 15, 2025).
- [2.] [2] A. T. Martaon, "HIPMI dorong pemuda Indonesia jadi wirausaha," Metrotv News, 2025. Accessed: Jul. 12, 2025. [Online]. Available: <https://www.metrotvnews.com/read/K5nC7pXY-hipmi-dorong-pemuda-indonesia-jadi-wirausaha#:~:text=Akbar mengatakan rasio pengusaha di Indonesia sebesar,yaitu sebesar 6%2C1 juta atau 11 persen.>
- [3.] Link UMKM, "Menteri UMKM targetkan rasio kewirausahaan nasional meningkat jadi 3,6 persen pada 2029 untuk perkuat ekonomi lokal," Link UMKM, 2025. <https://linkumkm.id/news/detail/16324/menteri-umkm-targetkan-rasio-kewirausahaan-nasional-meningkat-jadi-36-persen-pada-2029-untuk-perkuat-ekonomi-lokal> (accessed Jul. 17, 2025).
- [4.] OJK, "Edukasi keuangan," Otoritas Jasa Keuangan, 2025. <https://ojk.go.id/id/kanal/edukasi-dan-perlindungan-konsumen/Pages/literasi-keuangan.aspx> (accessed Jul. 17, 2025).
- [5.] R. Li and Y. Qian, "Entrepreneurial participation and performance: the role of financial literacy," *Manag. Decis.*, vol. 58, no. 3, pp. 583-599, 2020, doi: 10.1108/MD-11-2018-1283. <https://doi.org/10.1108/MD-11-2018-1283>
- [6.] L. Klapper, A. Lusardi, and P. van Oudheusden, "Financial literacy around the world: Insights from the standard and poor's ratings services global financial literacy survey," Washington, DC, 2015. [Online]. Available: [https://gflec.org/wp-content/uploads/%0A2015/11/Finlit\\_paper\\_16\\_F2\\_singles.pdf](https://gflec.org/wp-content/uploads/%0A2015/11/Finlit_paper_16_F2_singles.pdf)
- [7.] A. N. Anggraini and N. C. Sakti, "Pengaruh literasi keuangan terhadap intensi berwirausaha dengan pengetahuan technopreneurship sebagai variabel moderasi," *J. Ilm. Manaj. dan Kewirausahaan*, vol. 4, no. 2, pp. 704-718, 2025, doi: 10.55606/jimak.v4i3.4972. <https://doi.org/10.55606/jimak.v4i3.4972>
- [8.] N. S. Ling and J. E. Kurniawan, "Intensi berwirausaha ditinjau dari orientasi kewirausahaan dan literasi keuangan pada siswa SMA," *Eduonomika*, vol. 7, no. 1, pp. 1-12, 2023, doi: 10.29040/jie.v7i2.8980.
- [9.] A. S. Alshebami and S. H. Al Marri, "The impact of financial literacy on entrepreneurial intention: The mediating role of saving behavior," *Front. Psychol.*, vol. 13, pp. 1-10, 2022, doi: 10.3389/fpsyg.2022.911605. <https://doi.org/10.3389/fpsyg.2022.911605>
- [10.] C. Benzing, H. M. Chu, and O. Kara, "Entrepreneurs in Turkey: a factor analysis of motivations, success factors, and problems," *J. Small Bus. Manag.*, vol. 47, no. 1, pp. 58-91, 2009, doi: 10.1111/j.1540-627X.2008.00262.x. <https://doi.org/10.1111/j.1540-627X.2008.00262.x>
- [11.] C. Drews, U. Stephan, M. Hart, and T. Mickiewicz, "Understanding motivations for entrepreneurship: A review of recent research evidence," 2015. doi: 10.13140/RG.2.1.3343.2165.
- [12.] T. S. Manolova, C. G. Brush, and L. F. Edelman, "What do women entrepreneurs want?," *Strateg. Chang.*, vol. 17, pp. 69-82, 2008, doi: <https://doi.org/10.1002/jsc.817>. <https://doi.org/10.1002/jsc.817>
- [13.] M. N. H. Bin Yusoff, F. A. Zainol, T. M. A. T. Mahmood, A. Al Mamun, and M. Ismail, "Finalizing the instrument adapted to measure entrepreneurial motivation," *Int. J. Manag.*, vol. 11, no. 12, pp. 247-258, 2020, doi: 10.34218/IJM.11.12.2020.024. <https://doi.org/10.34218/IJM.11.12.2020.024>
- [14.] A. Lusardi and O. S. Mitchell, "The Economic Importance of Financial Literacy: Theory and evidence," *J. Econ. Lit.*, vol. 52, no. 1, pp. 5-44, 2014, doi: 10.1257/jel.52.1.5. <https://doi.org/10.1257/jel.52.1.5>
- [15.] N. L. Ahmad and B. A. Bakar, "Entrepreneurship motivation among accounting students: The role of financial literacy and financial behaviour," *J. Pengur.*, vol. 63, pp. 141-152, 2021, doi: 10.17576/pengurusan-2021-63-11. <https://doi.org/10.17576/pengurusan-2021-63-11>
- [16.] H. H. Frederick and D. F. Kuratko, *Entrepreneurship Theory, Process, and Practice*, Second edi. Cengage Learning Australia, 2010.
- [17.] G. Nabi and F. Liñán, "Graduate entrepreneurship in the developing world: intentions, education and development," *Educ. Train.*, vol. 53, no. 5, pp. 325-334, 2011, doi: 10.1108/00400911111147668. <https://doi.org/10.1108/00400911111147668>
- [18.] S. A. Raza, N. Shah, and W. Qazi, "Factors affecting the motivation and intention to become an entrepreneur among business university students," *Int. J. Knowl. Learn.*, vol. 12, no. 3, pp. 221-241, 2018, doi: 10.1504/IJKL.2018.092315. <https://doi.org/10.1504/IJKL.2018.092315>
- [19.] A. A. Kemalasar, A. Isma, and S. Raharimalala, "Entrepreneurial motivation as a mediator of financial literacy, family environment, and love of money on entrepreneurial interest in Gen Z student," *Quant. Econ. Manag. Stud.*, vol. 6, no. 1, pp. 20-31, 2025, doi: 10.35877/454RI.qems3855. <https://doi.org/10.35877/454RI.qems3855>
- [20.] E. Muñoz-Céspedes, R. Ibar-Alonso, and M. A. Cuervo-Mir, "Individual entrepreneurial behavior and financial literacy," *Int. Entrep. Manag. J.*, vol. 20, pp. 2263-2285, 2024. <https://doi.org/10.1007/s11365-023-00936-4>
- [21.] I. Ajzen, "The theory of planned behavior," *Organ. Behav. Hum. Decis. Process.*, vol. 50, no. 2, pp. 179-211, 1991, doi: 10.1016/0749-5978(91)90020-T. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- [22.] Sugiyono, *Metode penelitian kuantitatif kualitatif dan R&D*, 2nd ed. Alfabeta, 2021.
- [23.] J. F. Hair, W. C. Black, B. J. Babin, and R. E. Anderson, *Multivariate Data Analysis*, 8th ed. Andover: Cengage Learning EMEA, 2019.
- [24.] J. F. Hair, G. T. M. Hult, C. M. Ringle, and M. Sarstedt, *A primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*, Third Edit. Sage Publications, Inc, 2022. <https://doi.org/10.1007/978-3-030-80519-7>
- [25.] P. N. H. Wicaksono, M. Mardi, and D. K. Respati, "The influence of entrepreneurial motives, family environment and financial literacy on entrepreneurial intentions," *J. Ilm. Manaj. Kesatuan*, vol. 12, no. 1, pp. 43-56, 2024, doi: 10.37641/jimkes.v12i1.2388. <https://doi.org/10.37641/jimkes.v12i1.2388>
- [26.] A. N. Azhar, K. H. N. Hazrul, N. S. Ahmad, Sharif, and N. Ghazali, "Financial literacy as a basic knowledge for entrepreneurial intention: A study on diploma students, Universiti Tun Hussein Onn Malaysia," *Multidiscip. Appl. Res. Innov.*, vol. 6, no. 1, pp. 170-176, 2025, doi: 10.30880/mari.2025.06.01.024.
- [27.] R. Farzana, "The impact of motivational factors towards entrepreneurial intention," *J. Mod. Account. Audit.*, vol. 14, no. 12, pp. 639-647, 2018, doi: 10.17265/1548-6583/2018.12.001. <https://doi.org/10.17265/1548-6583/2018.12.001>