

The Effect Of Digital Literacy On Online Entrepreneurial Intentions: The Moderating Role Of Subjective Norms

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ABSTRACT

This study aims to analyze the effect of digital literacy on online entrepreneurial intentions and to examine the moderating role of subjective norms on the relationship between digital literacy and online entrepreneurial intentions. This research was a survey research, collecting data using a questionnaire distributed online with a sample size of 100 respondents who are millennials who are starting an online business. The analysis technique used is Structural Equation Modeling (SEM) with Partial Least Square (PLS). The findings of this study are that digital literacy has a positive effect on online entrepreneurship intentions, while subjective norms have no effect on online entrepreneurship intentions and do not moderate the relationship between digital literacy and online entrepreneurship intentions.

Keywords: Digital Literacy, Subjective Norms, Online Entrepreneurial Intentions

1. Introduction

The rapid development of e-commerce is due to the implementation of the sharing system. The development of technology and information will accompany the development of e-commerce. This development is evidenced by the high number of internet users in Indonesia reaching 64.8% of the total 267 million population, so e-commerce has great potential. E-commerce has a role to assist Micro, Small, and Medium Enterprises (MSMEs) in expanding the wider market and penetrating the international market. In line with the role of MSMEs which have an important task for the Indonesian economy (A. S. Suliyanto & Jati, 2013). This is shown by the large contribution made by MSMEs which can contribute to the Gross Domestic Product (GDP) of 60.3 percent and absorb 97 percent of the workforce in Indonesia.

However, the ability of MSMEs to run a technology-based business is still relatively low, this causes various problems in the operation of e-commerce. The group of people born between 1996 and 2016 is grouped as generation Z who are seen as having qualified knowledge in the field of technology and information. On the other hand, the number of highly educated generation Z is small who decide to become e-commerce players, because they decide to work more become a state civil apparatus (ASN) or become a permanent employee in a private company that gets a

more certain income. Generation Z is needed as a community group that can overcome the problem of lack of knowledge of information technology and digital marketing, to help e-commerce business people, especially in the field of marketing that is run. The generation has a high difference from the previous generation, namely the millennial generation. Generation Z is goal-oriented, flexible, and has high adaptability (Otieno & Nyambegera, 2019). Tang (2019) views that all aspects inherent in generation Z are very different from previous generations. Previous studies have stated that generation Z plays an important role because it has a significant impact on socio-economic, cultural, and political factors and changes in global dynamics that shape behavior and values in it.

Research on the intensity of entrepreneurship, in general, has been carried out in various countries in various discussions (Aditya, 2020; Bhuyan & Pathak, 2017; Byabashaija & Katono, 2011; Cheng et al., 2011; James & Sahid, 2022; Karimi et al., 2016; Kerr et al., 2018; Newman et al., 2019; Omar et al., 2019; Pérez-Fernández et al., 2022; Primahendra et al., 2021; Saraih et al., 2018; Yang, 2013), but specifically researching the intention of online entrepreneurship by generation Z is still relatively limited, even though generation Z is a generation that is considered to have better digital literacy compared to the previous generation (Schwieger & Ladwig, 2018; Singh & Dangmei, 2016).

Studies that have been conducted with generation Z subjects are more widely researched on the adoption and innovation of technology and its consequences, but it is still rare to discuss entrepreneurial intentions (Titko et al., 2020). On the other hand, the majority of studies that have been conducted focus on the difference between the intentions and behaviors of Generation Z towards entrepreneurship, while there are almost no studies that discuss the intentions of Generation Z or both towards entrepreneurship, while generation Z is more often considered digital natives. Previous research puts more emphasis on factors that have an impact on the success of individuals as entrepreneurs (Ibrahim et al., 2019). Therefore, this research focuses on the behavioral intentions of generation Z towards online entrepreneurship, because at this time it is the phase of generation Z to decide to have a career as a merchant or entrepreneur.

2. Research Methodology

The target population in this study is generation Z (born 1996 – 2012) who are starting a digital business in Banyumas, Central Java, Indonesia. A sample size of 100 respondents, data collection using questionnaires shared online. The sampling technique is carried out accidentally. To measure a person's response or response to a social object The construct measurement scale uses five Likert scales (E. T. Suliyanto, 2011), because the Likert scale is simple and easy to use (S. Suliyanto, 2011). Instruments for measuring digital literacy use ten items (Nurhajati, 2018; Raharjo & Winarko, 2021), to measure subjective norms using three items (Krueger et al., 2000; Engle et al., 2010), while to measure the intention of online entrepreneurship using four items adapted from (Engle et al., 2010; Kolvereid & Isaksen, 2006). Hypothesis testing of relationships between constructs was tested using Partial Least Square (PLS) bootstrapping technique as a tool (Chin, 1998). There are two stages in analyzing and interpreting the PLS model, namely testing of measurement and testing of the structural model (Hulland, 1999). Loading factor and Average Variance Extracted (AVE) are used in convergent validity tests as their internal validity (Hair Jr et al., 2014) and cross loading is used in validity discriminant tests. Internal consistency analysis using Cronbach's alpha (Cronbach, 1951; Nunnally, 1978) and composite reliability (CR) (Fornell & Larcker, 1981).

3. Results and Discussion

Respondent profiles are needed to obtain information about respondents' characteristics (Rachmawati et al., 2020). The respondents in this study numbered 100 people with a percentage of 41 percent of men and 59 percent of women, the respondents who answered the most questionnaires aged 20–25 years at 69 percent, then ≤ 20 years at 23 percent, and the rest ≥ 26 years at 8 percent, the majority of entrepreneurs selling their products at 42 percent, followed by becoming resellers at 23 percent, others 23 percent, being a social media admin at 5 percent, and graphic design services at 3 percent, while the most frequently used media is Instagram at 48 percent.

Table 1 Validity and Reliability of Research Instrument Test

Variable	Indicator	Loading Factor	Cross Loading	Cronbach Alpha	Composite Reliability	AVE
Subjective norm	SN_1	0.844	0.843	0.798	0.880	0.710
	SN_2	0.871				
	SN_3	0.812				
Digital literacy	DL_1	0.747	0.724	0.897	0.915	0.524
	DL_2	0.582				
	DL_3	0.706				
	DL_4	0.741				
	DL_5	0.815				
	DL_6	0.793				
	DL_7	0.756				
	DL_8	0.751				
	DL_9	0.692				
	DL_10	0.582				
Online entrepreneurial intention	OEI_1	0.755	0.781	0.787	0.862	0.610
	OEI_2	0.802				
	OEI_3	0.775				
	OEI_4	0.790				

Based on the test results, the outer model shows the level of validity and reliability of the loading factor > 0.5 and the cross loading > 0.7 , thus all indicators of each variable are declared valid (Hair Jr et al., 2014). The value of Cronbach's Alpha is > 0.6 and the Composite Reliability > 0.7 , thus all variables are declared reliable (Hair Jr et al., 2014), while the Average Variance Extract (AVE) value is > 0.5 , so the consistency level of all variables is declared very well (Hair Jr et al., 2014).

Table 2 R-Square, R-Adjusted, and Q-Square

Variable	R Squares	R Adjusted	Q-Square $= 1 - (1 - R_f^2)$

Online entrepreneurial intention	0.707	0.698	0.414
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The Goodness of Fit Model test was used in the Q-Square Predictive Relevance (Chin, 1998). Table 3 shows the Q-square value of 0.798 greater than 33% so that it falls into the medium category (Chin, 1998). Figure 1 shows the results of the causality test between structural equation modeling constructs and SmartPLS:

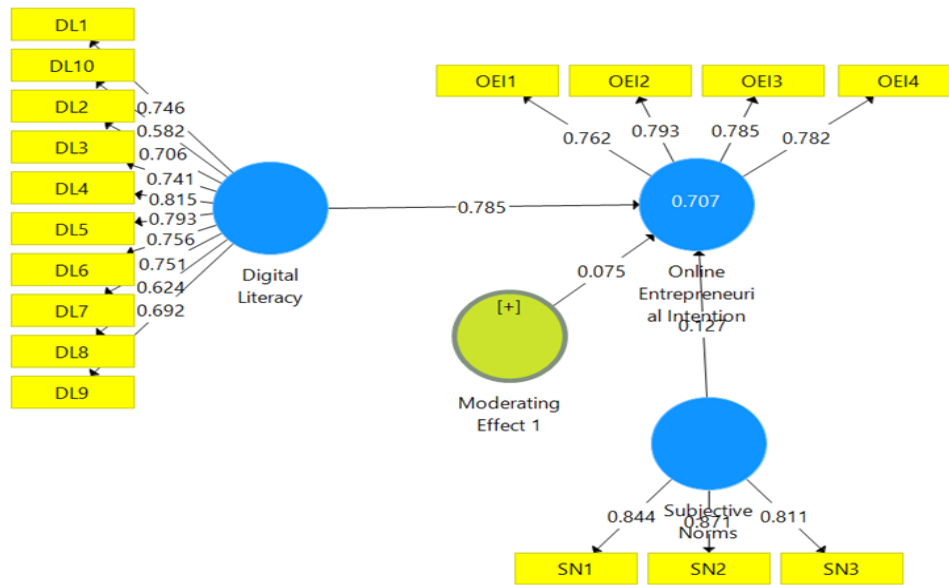


Figure 1 Result of Structural Equation Modelling

The hypothesis in this study was tested with PLS bootstrapping technique. The test used bootstrapping which obtained the beta parameter coefficient in the original sample, t-statistic value, and p-value. Based on the tests shown in table 4, it shows that achievement needs ($\beta=0.178$; $t=2.550$; $p=0.011$), digital literacy ($\beta=0.395$; $t=2.875$; $p=0.004$), self literacy ($\beta=0.398$; $t=3.709$; $p=0.000$) have a positive effect on online entrepreneurial intention, but subjective norms show values ($\beta=0.031$; $t=0.561$; $p=0.575$) which have negative implications for online entrepreneurial intention.

Table 3 Hypothesis Test Result

Hypothesis	Independent variable	Dependent variable	Original Sample (O)	T Statistic	P value	Result
H ₁	Digital literacy	Online entrepreneurial intention	0.785	8.897	0.000	Supported
H ₂	Subjective norm	Online entrepreneurial intention	0.127	1.440	0.151	Not supported
H ₃	Moderating effect	Online entrepreneurial intention	0.075	0.072	0.299	Not Supported

4. Conclusion

Based on the results of the analysis, shows that digital literacy has a positive effect on online entrepreneurial intention, but subjective norms have not moderated the relationship between digital literacy and online entrepreneurial intention. Digital literacy can increase online entrepreneurial intention, this is because the more digital literacy a person has, the better his ability to digest and store information, so his critical thinking ability will also increase and have implications for online entrepreneurial intention. This finding is also in line with the results of research that has been carried out by (Bayrakdaroğlu & Bayrakdaroğlu, 2017; Islami, 2019; James & Sahid, 2022; Mudasih & Subroto, 2021; Mugiono et al., 2021; Primahendra et al., 2021; Sariwulan et al., 2020).

Subjective norms surprisingly have no significant influence on online entrepreneurial intention. The findings are different from the majority of previous studies such as (Aditya, 2020; Bhuyan & Pathak, 2017; Cheng et al., 2011; Karimi et al., 2016; Kristanto & Pratama, 2020; Rastini et al., 2013; Saraih et al., 2018; Tong et al., 2011; Yang, 2013).

Thus, this research provides clues about the intentions of online entrepreneurship generation Z determined by the level of digital literacy it has alone, without any intervention from subjective norms, so there is a need for encouragement to improve their digital literacy and readiness to accept technology due to the development of the times that have not yet ended. On the other hand, subjective norms at this time are no longer things that burden generation Z to decide the career they will pursue.

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