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FINANCIAL LITERACY, DIGITAL LITERACY, AND ENTREPRENEURIAL INTENTION AMONG UNIVERSITY STUDENTS

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Abstract

This study examines the effect of financial literacy and digital literacy on entrepreneurial intention among students at Muhammadiyah University of Buton. The research was motivated by the institutional agenda to strengthen maritime-based entrepreneurship and Islamic character, while many students who have taken entrepreneurship courses still tend to prefer employment before starting a business. A quantitative associative design was used with 80 student respondents from accounting, management, and agribusiness study programs. Data were collected using questionnaires and analyzed through validity and reliability tests, classical assumption tests, multiple linear regression using SPSS, and structural model confirmation using SmartPLS. The findings indicate that digital literacy has a positive and significant effect on entrepreneurial intention, while financial literacy shows a positive but insignificant effect. The model explains a moderate proportion of variance in entrepreneurial intention. These results suggest that students' ability to use digital media, online information, and digital business platforms is more decisive in shaping entrepreneurial intention than general financial knowledge alone. The study contributes to entrepreneurship education by emphasizing the need to integrate digital business competencies with financial literacy training.

Keywords: digital literacy; entrepreneurial intention; entrepreneurship education; financial literacy; university students

INTRODUCTION

Muhammadiyah University of Buton has a vision to become a superior university based on maritime excellence, entrepreneurship, Islamic character, and global competitiveness(Universitas Muhammadiyah Buton, 2023). This vision places entrepreneurship not merely as a course but as part of the institutional identity that should be internalized by students. In this context, universities are expected to motivate students to become young entrepreneurs, reduce unemployment, and generate new employment opportunities through innovative ventures(Syifa, 2020). Entrepreneurship education has been widely recognized as an important driver of economic growth, innovation, and job creation, particularly in developing economies(Entrialgo and Iglesias, 2016). However, the phenomenon observed among students who have taken entrepreneurship courses or participated in entrepreneurship training shows that many still prefer to seek employment first and postpone business creation until several years after graduation. This indicates a gap between entrepreneurship learning and the formation of strong entrepreneurial intention (Fragoso et al., 2020; Islami, 2019).

Entrepreneurial intention is a motivational factor that precedes entrepreneurial behavior (Manneh et al., 2020). It is influenced by internal factors such as attitude, subjective norms, cognition, mentality, and self-efficacy, as well as external factors such as education, knowledge, business climate, and social support (Nakulo and Asdani, 2016; Sumarsono, 2013). Previous studies have given substantial attention to entrepreneurship education and training, yet empirical attention to the role of financial literacy and digital literacy in shaping student entrepreneurial intention remains relatively limited in the Indonesian higher education context. Financial literacy is important because entrepreneurial activity requires the ability to plan, manage, and evaluate financial decisions. Students who understand basic finance, saving, investment, credit, and risk management are expected to be more confident in developing business plans. Nevertheless, financial knowledge alone may not automatically lead to business intention when students lack exposure to market opportunities, digital platforms, and practical business experimentation (Entrialgo and Iglesias, 2016; Maranata and Wijaya, 2021). Digital literacy has become increasingly relevant because entrepreneurial opportunities are increasingly mediated by digital technology. Students need the ability to search online information, use social media, understand e-commerce platforms, communicate with customers, analyze trends, and utilize digital financial services. Thus, digital literacy may strengthen the way students recognize business opportunities and transform ideas into entrepreneurial intention. Based on this background, this study aims to analyze the effect of financial literacy and digital literacy on entrepreneurial intention among students at Muhammadiyah University of Buton. The novelty of this study lies in its simultaneous analysis of financial and digital literacy as two basic competencies for student entrepreneurship in a university that explicitly promotes entrepreneurship as part of its institutional vision.

LITERATURE REVIEW

Entrepreneurial Intention

Entrepreneurial intention refers to the conscious state of mind that directs attention and action toward creating a new business (Huston, 2010). The intention approach is widely used because entrepreneurship is often planned behavior rather than spontaneous action. Ajzen's theory of planned behavior explains that intention is shaped by attitude toward behavior, subjective norms, and perceived behavioral control. In entrepreneurship research, intention is considered the closest predictor of future entrepreneurial behavior (Azizah, 2020). Among students, entrepreneurial intention is shaped by education, family background, social environment, self-efficacy, market perception, and career expectation. Entrepreneurship education may increase awareness and knowledge, but its effect can vary depending on whether students acquire practical capabilities needed to identify opportunities and manage business uncertainty (Fayolle and Liñán, 2014; Nurhidayati and Utari, 2018).

Financial Literacy and Entrepreneurial Intention

Financial literacy is the combination of awareness, knowledge, skills, attitudes, and behaviors needed to make sound financial decisions and achieve financial well-being. In the entrepreneurial context, financial literacy supports budgeting, savings planning, capital management, cost control, and business financial reporting. Students with better financial literacy should theoretically have stronger confidence to start a business because they can estimate business feasibility and manage financial risk (Puspitasari and Resmalasari, 2023; Suryanto, 2020; Susanti et al., 2022). Prior studies have linked financial literacy to better financial behavior and business management (Goyal and Kumar, 2021; Lusardi et al., 2010; Rumbianingrum and Wijayangka, 2018; Septiani and Wuryani, 2020). However, its influence on entrepreneurial intention may not always be direct. Students may understand financial concepts but still hesitate to start a business because of risk aversion, limited capital, limited market access, or lack of practical experience. Therefore, this study formulates the following hypothesis:
H1: Financial literacy has a positive effect on entrepreneurial intention.

Digital Literacy and Entrepreneurial Intention

Digital literacy refers to the ability to access, evaluate, communicate, and create information using digital technology. In entrepreneurship, digital literacy enables students to use online platforms, social media, e-commerce sites, and digital payment systems for business purposes. It also helps students identify consumer trends, observe competitors, communicate product value, and reach markets with lower costs (Hendrik, 2025; Islami, 2019; Zaimovic et al., 2023). The growth of digital entrepreneurship makes digital literacy a critical capability for students. Students who understand the internet, digital finance, social media marketing, and online marketplaces may perceive entrepreneurship as more accessible and realistic. Therefore, this study formulates the following hypothesis:
H2: Digital literacy has a positive effect on entrepreneurial intention.

METHOD

This study used an associative quantitative research design. The research was conducted at Muhammadiyah University of Buton. The population consisted of students at Muhammadiyah University of Buton, while the sample consisted of students from accounting, management, and agribusiness study programs who had taken or were taking entrepreneurship courses. A purposive sampling technique was used because the respondents were selected based on their exposure to entrepreneurship learning.

The final sample consisted of 80 valid respondents. Data were collected using a structured questionnaire with Likert-scale responses. Entrepreneurial intention was measured using indicators related to choosing a business career, planning to start a business, preferring entrepreneurship to working for others, improving social status through entrepreneurship, and expecting better income through entrepreneurship (Islami, 2019). Financial literacy was measured through basic finance, credit analysis, saving and investment, and insurance knowledge(Huston, 2010). Digital literacy was measured through knowledge of internet terms, digital finance, social media business use, and online shopping platforms (Ali et al., 2023). Data analysis was conducted in two stages. First, SPSS was used to test item validity, reliability, normality, heteroscedasticity, multicollinearity, and multiple linear regression. Second, SmartPLS was used to confirm the measurement and structural models through outer loading, composite reliability, average variance extracted (AVE), R-square, and bootstrapping path coefficients. The regression model used in this study is presented as follows:

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon}$$

Where Y is entrepreneurial intention, X1 is financial literacy, X2 is digital literacy, α is the constant, β is the regression coefficient, and ε is the error term.

RESULTS AND DISCUSSION

Descriptive Results

The descriptive results show that student entrepreneurial intention was generally moderate. The dissemination data indicate that the highest entrepreneurial intention item was the desire to obtain better income through entrepreneurship, while the lowest items were related to choosing entrepreneurship as the main career and improving social status. This implies that students recognize the economic benefits of entrepreneurship but still need stronger career confidence and business readiness.

Table 1. Descriptive Summary of Main Variables

Variable	N	Minimum	Maximum	Mean
Financial literacy	80	2.42	4.67	3.62
Digital literacy	80	2.5	4.83	3.88
Entrepreneurial intention	80	2.2	4.8	3.54

Validity and Reliability Tests

The SPSS validity test indicated that all questionnaire items had corrected item-total correlations greater than the critical value of 0.219 at N = 80. Therefore, all items were declared valid. Reliability testing using Cronbach's alpha also showed values above 0.60, indicating that the instruments were reliable for further analysis.

Table 2. SPSS Reliability Test

Variable	Cronbach's Alpha	Decision
Financial literacy	0.671	Reliable
Digital literacy	0.728	Reliable
Entrepreneurial intention	0.755	Reliable

Classical Assumption Tests

The normality test using One-Sample Kolmogorov-Smirnov produced an Asymp. Sig. value of 0.200, which is greater than 0.05. Thus, the residual data were normally distributed. The Glejser heteroscedasticity test showed significance values above 0.05 for both independent variables. The multicollinearity test also showed tolerance values above 0.10 and VIF values below 10, indicating that the regression model did not suffer from multicollinearity.

Table 3. Classical Assumption Test Summary

Test	Indicator	Value	Decision
Normality	Kolmogorov-Smirnov Sig.	0.2	Normal
Heteroscedasticity	Sig. financial literacy	0.625	No heteroscedasticity
Heteroscedasticity	Sig. digital literacy	0.418	No heteroscedasticity
Multicollinearity	VIF financial literacy	1.312	No multicollinearity
Multicollinearity	VIF digital literacy	1.312	No multicollinearity

SPSS Multiple Regression Output

Table 4. SPSS Model Summary

R	R Square	Adjusted R Square	Std. Error	Decision
0.624	0.389	0.373	2.146	Moderate explanatory power

Table 5. ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	228.041	2	114.021	24.756	.000
Residual	354.709	77	4.607		
Total	582.75	79			

Table 6. SPSS Coefficients and Hypothesis Test

Variable	B	Std. Error	Beta	t	Sig.	Decision
Constant	10.842	2.018		5.373	.000	-
Financial literacy	0.086	0.075	0.104	1.149	.254	Not significant
Digital literacy	0.485	0.078	0.563	6.219	.000	Significant

Based on Table 6, the regression equation is $Y = 10.842 + 0.086X1 + 0.485X2$. Financial literacy has a positive but insignificant effect on entrepreneurial intention ($t = 1.149$; $p = 0.254$). Therefore, H1 is not supported. Digital literacy has a positive and significant effect on entrepreneurial intention ($t = 6.219$; $p < 0.001$). Therefore, H2 is supported.

SmartPLS Output

The SmartPLS analysis was used to strengthen the regression findings by evaluating the measurement model and structural model. All retained indicators had acceptable outer loadings above 0.60, while composite reliability values exceeded 0.70 and AVE values exceeded 0.50. These results indicate adequate convergent validity and internal consistency.

Table 7. SmartPLS Measurement Model

Construct	Indicator Range	Cronbach's Alpha	Composite Reliability	AVE
Financial literacy	0.641-0.804	0.671	0.782	0.512
Digital literacy	0.692-0.846	0.728	0.829	0.551
Entrepreneurial intention	0.676-0.832	0.755	0.843	0.519

Table 8. SmartPLS Structural Model

Path	Original Sample	t-statistic	p-value	Effect	Decision
Financial literacy -> Entrepreneurial intention	0.109	1.204	0.229	Positive, weak	Rejected
Digital literacy -> Entrepreneurial intention	0.581	6.518	0.0	Positive, strong	Accepted

Table 9. SmartPLS Model Fit and Predictive Relevance

Endogenous Variable	R Square	Q Square	Interpretation
Entrepreneurial intention	0.411	0.257	Moderate predictive relevance

CONCLUSION

The finding that financial literacy has a positive but insignificant effect indicates that students' financial knowledge alone is not sufficient to directly shape entrepreneurial intention. This result may contradict studies that emphasize the importance of financial literacy for business management and financial behavior. In the student context, financial literacy may function more as a supporting capability after students have decided to start a business rather than as the initial driver of entrepreneurial intention. Students may understand basic finance, credit, saving, investment, and insurance, but still need stronger opportunity recognition, market experience, and entrepreneurial confidence before forming a strong business intention. The insignificant effect of financial literacy may also be explained by the nature of the respondents. Most respondents were students who were still in the learning stage and may not yet face direct business financial decisions. Consequently, their financial literacy is not immediately translated into entrepreneurial intention. This suggests that financial literacy education should be integrated with business simulation, project-based learning, budgeting practice, and small-scale venture experimentation so that financial knowledge becomes more relevant to entrepreneurial action.

Digital literacy, in contrast, has a positive and significant effect on entrepreneurial intention. This finding supports the view that digital capability enables students to access business information, identify trends, communicate with potential customers, and use online platforms for marketing and transactions. For students, digital tools make entrepreneurship appear more accessible because business can be initiated with lower capital, broader market reach, and flexible promotional strategies. Therefore, digital literacy becomes a practical bridge between business ideas and entrepreneurial intention. The SmartPLS results confirm the SPSS regression findings. Digital literacy had a stronger path coefficient than financial literacy, while the model showed moderate explanatory power. These results imply that entrepreneurship education in higher education should not only teach business planning and financial management, but also strengthen digital marketing, e-commerce literacy, digital payment literacy, content creation, and online customer engagement. For Muhammadiyah University of Buton, this finding is relevant to the institutional vision of producing graduates with entrepreneurship spirit and competitiveness.

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