

Entrepreneur as the Least Wanted Job Among Generation Z: The Role of Internal Locus of Control and Resiliency

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The Asian Conference on the Social Sciences 2025
Official Conference Proceedings

Abstract

In this study, low entrepreneurial intention among Generation Z was indicated by a preliminary survey on young people's preferred future occupations. Previous research showed that there is a research gap in the effect of internal locus of control on entrepreneurial intention. According to Social Cognitive Theory, individuals with an internal locus of control are better equipped to face crises and adapt to new conditions, which is closely related to resilience. Highly resilient individuals are able to thrive in difficult and challenging situations, traits that are important for entrepreneurs. Resilience can increase an individual's confidence in their intention to start a business. This quantitative cross-sectional study explores resilience as a mediator between the influence of internal locus of control and entrepreneurial intention. The population of this study were Generation Z in Denpasar, with a sample size of 379 participants selected using purposive sampling. The inclusion criteria were individuals aged 17 years and older who had not yet started any formal employment. Data were collected using Connor-Davidson Resilience Scale, Internal Locus of Control Instrument, and Entrepreneurial Intention Instrument. Path analysis was used to analyze the data. The results support the hypotheses, indicating that internal locus of control and resilience significantly influence entrepreneurial intention. Additionally, resilience significantly mediates the effect of internal locus of control on entrepreneurial intention. These findings suggest that fostering entrepreneurial intention can be achieved by providing challenging and self-motivating activities in schools and universities to help students build self-confidence and improve their ability to handle various situations effectively.

Keywords: entrepreneurial intention, resilience, internal locus of control, Generation Z

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Introduction

MSME are important economic pillar because the economic resilience of a developing country, especially Indonesia, is predominantly supported by the performance of MSMEs. So that sustainable MSMEs are the hope of all groups, both from the government, society, and MSME owners themselves. Since the Covid-19 outbreak phenomenon, it is hoped that many people will start choosing to become entrepreneurs because of the many layoffs that occurred during the crisis. With their decision to become entrepreneurs, they are able to determine the fate of their own businesses and can try to revive their businesses when a crisis occurs.

Gen Z is the youngest generation to enter the workforce who has different characteristics from Gen X and Gen Y. Gen Z are individuals born between 1997-2012 (Arum et al., 2023). Gen Z has the characteristic of not liking complex rules and is more likely to disengage or leave an organization when such regulations conflict with their personal values or preferences (Kusumawati et al., 2021). Those characteristics should make Gen Z prefer to work as entrepreneurs rather than being employees in a company, because basically entrepreneurs determine their own rules in running their business.

However, based on a preliminary study of 100 young people in Denpasar, Bali aged 19-24 years regarding their decisions about future jobs, 26% chose to become entrepreneurs, 40% chose to work in private companies, and the remaining 34% chose to become civil servants. This shows that entrepreneurial intention in Gen Z is still low in the preliminary study. Entrepreneurial intention refers to an individual's conscious aspiration or commitment to initiate a business venture in the future (Thompson, 2009). Before finally starting a business, someone must start with an intention to become an entrepreneur. Intention can arise from an interest in something particular.

To run a business that has many challenges, individuals must dare to view and solve problems in their business life as something they can control. This indicates that successful entrepreneurial activity requires an individual to possess a strong internal locus of control, reflecting the belief that outcomes are primarily determined by one's own actions and decisions. Internal locus of control allows individuals to be more courageous and innovative in taking risky steps in starting and developing their business (Ani & Kurniawan, 2023).

An internal locus of control refers to an individual's belief that the outcomes and events in their life are predominantly influenced by their own actions, decisions, and personal efforts, rather than by external forces (Hernandez et al., 2022). When an individual believes that he is the determinant of his own destiny, then the possibility of someone choosing a job as an entrepreneur will be higher.

H1: Internal locus of control has a positive effect on entrepreneurial intention.

Empirical studies have demonstrated a positive and statistically significant relationship between an internal locus of control and entrepreneurial intention (Auna, 2022; Nurdwiratno et al., 2023; Tentama & Abdussalam, 2020; Zulfa, 2021). However, there are studies that show different results, that internal locus of control does not significantly influence entrepreneurial intention (Tirtayasa et al., 2021). Because of this research gap, researchers have turned the attention toward identifying potential mediating variables that could clarify this relationship. Addressing this gap is crucial for developing a more comprehensive

theoretical framework and for designing targeted interventions aimed at fostering entrepreneurship.

According to Social Cognitive Theory, individuals with a strong internal locus of control are generally better equipped to face crises and adapt to new conditions, which is closely related to resilience. According to this theory, humans actively motivate and regulate their behavior while constructing social systems to organize, structure, and give meaning to their lives (Abdullah, 2019). Internal locus of control is a driver of the existence of individual abilities that will create resilience in individuals (Oktaviana, 2013). The ability of individuals to continue to rise despite experiencing difficulties is called resilience (Amelia et al., 2024). This is in line with the findings of Wulansari et al. (2024), Dipayanti and Chairani (2012), and Arsini et al. (2023) who have demonstrated that internal locus of control exerts a positive influence on resilience.

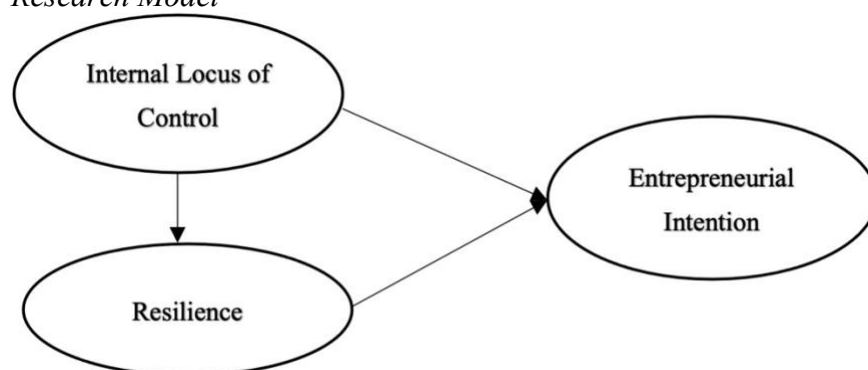
H2: Internal locus of control has a positive effect on resilience.

Resilience is a broad competency that encompasses the capacity for adaptive self-regulation and flexibility in response to both internal and external pressures (Farkas & Orosz, 2015). Resilience is related to emotional maturity. Individuals with high resilience have a positive self-image (Prawita & Heryadi, 2023). These individuals will certainly find it easier to deal with stressful situations that occur in their lives. Individuals with high resilience will view challenges at work as positive conditions that can make changes for the better. Meanwhile, individuals with low resilience will consider stressful work as something negative that makes them disturbed and uncomfortable. Entrepreneurship requires high resilience, because in order to build a sustainable business, individuals must be able to survive in difficult and challenging conditions. Individuals exhibiting high levels of resilience are more likely to demonstrate a stronger intention to pursue entrepreneurship. This finding aligns with prior research, which indicates that resilience has a significant positive impact on entrepreneurial intention (Sasmita & Afriyenti, 2023). Even though there are previous research findings that indirectly correlates internal locus of control, resilience and entrepreneurial intention, the role of resilience as mediating variable is rarely found as topic research. Therefore, researchers want to analyze how resilience mediates the effect of internal locus of control on entrepreneurial intention.

H3: Resilience has a positive effect on entrepreneurial intention.

H4: Resilience mediates the effect of internal locus of control on entrepreneurial intention.

Figure 1
Research Model



Methodology

This is quantitative cross-sectional research which studies about resiliency as mediator between the influence of internal locus of control to entrepreneurial orientation. Population of this research were Generation Z in Denpasar city with a total number of 177,322. Generation Z is individual who were born between 1997-2012. Minimum sample size of 270 were calculated using formula by Isaac and Michael (1981). The total of 379 samples were taken through purposive sampling method, with inclusion criteria of individuals aged 17 years and older who had not yet started any formal employment. Data were collected using questionnaires which consists of 25 items from Connor-Davidson Resilience Scale (CD-RISC), 10 items from Internal Locus of Control Instrument, and 6 items from Entrepreneurial Intention Instrument.

Resilience was measured by CD-RISC which consists of 25 items that measure the construct of resiliency. This scale was developed by Connor and Davidson (2003) and translated into Indonesian by Listyandini and Akmal (2015). The concept of resilience is comprised of 5 key elements, including personal competence, trust, positive acceptance, control, and spiritual influence (Connor & Davidson, 2003). Internal Locus of Control Instrument consists of 10 items, which measured by 5 aspects, such as strong work ethic, high levels of initiative, consistently seeks solutions to problems, think efficiently, and sustained effort and perseverance (Ghufron & Risnawita, 2010). Entrepreneurial intention assessed with instrument which consists of 6 items and 3 aspects of attitude, subjective norm, and perceived behavior control (Ajzen, 1991).

Table 1
Instrument's Validity and Reliability

Variable	Total Item	Pearson Correlation	Cronbach Alpha Coefficients
Resilience	25	0.334 – 0.689	0.873
Internal Locus of Control	10	0.681 – 0.840	0.920
Entrepreneurial Intention	6	0.320 – 0.932	0.872

To examine the relationships between the variables, path analysis was conducted on the data utilizing the Statistical Package for the Social Sciences (SPSS) software, which facilitated the estimation of direct and indirect effects within the proposed model. Before the data was analyzed, researchers tested the reliability and validity of all the three instruments through a pilot test with 30 respondents. It showed that Connor-Davidson Resilience Scale, Internal Locus of Control Instrument, and Entrepreneurial Intention Instrument were reliable instruments with Cronbach's alpha coefficients of 0.873; 0.920; and 0.872. The results of the validity test also showed that all items in the three instruments were valid because the correlation with the total score values are above 0.3 as can be seen in Table 1.

Results and Discussion

The results of the normality test, conducted using the Kolmogorov-Smirnov Test, yielded a significance value of 0.200. This value is above 0.05, which means that the distribution of residual data in this study is normally distributed. The results of the multicollinearity diagnostic test reveal that there is no significant multicollinearity present within the regression model of this study, suggesting that the independent variables are not highly correlated with one another because the results of data processing show a Tolerance value >

0.01, which is 0.545 and a VIF value < 10 , which is 1.834. The results of the heteroscedasticity test, conducted using the Glejser Test, indicate the absence of heteroscedasticity, as the significance values for each variable exceeded the threshold of 0.05, with values of 0.546 and 0.919, respectively. After passing the classical assumption test, the data was then processed with path analysis.

Table 2

Relationship Between Variables

Variable Relationship	Significance Value	Beta
Internal Locus of Control to Entrepreneurial Intention	0.000	0.530
Internal Locus of Control to Resilience	0.000	0.674
Resilience to Entrepreneurial Intention	0.000	0.420

The testing of H1 reveals that internal locus of control exerts a positive and statistically significant effect on entrepreneurial intention, with a significance value of 0.000 ($p < 0.05$) and a beta coefficient of 0.530. These findings suggest that an increase in an individual's internal locus of control is associated with a corresponding increase in their entrepreneurial intention, indicating a direct positive relationship between the two variables. Internal locus of control is an individual's ability to interpret events that occur in their lives as a consequence of the individual's own attitudes and behavior. This characteristic makes individuals more innovative in determining their own destiny. Therefore, individuals possessing an internal locus of control are more likely to harbor entrepreneurial intentions as entrepreneurs are individuals with creative minds who are responsible for themselves to design how the company will run. Internal locus of control is believed to motivate individuals to take the initiative and take risks in entrepreneurship (Ani & Kurniawan, 2023). This finding is consistent with prior research conducted by Tentama and Abdussalam (2020), which indicated that entrepreneurial intention tends to rise when individuals are provided with entrepreneurship education that fosters key entrepreneurial traits, such as an internal locus of control. Furthermore, a comparative study among Indonesian and Norwegian students by Kristiansen and Indarti (2004) revealed that individuals with a strong internal locus of control are more likely to exhibit heightened entrepreneurial intention.

The testing of H2 reveals that internal locus of control has a positive and statistically significant effect on resilience, with a significance value of 0.000 ($p < 0.05$) and a beta coefficient of 0.674. This shows that a high internal locus of control in an individual makes him/her more resilient. Individuals who predominantly think using internal locus of control will certainly be better able to rise from adversity when facing stressful situations. This happens because individuals with internal locus of control will focus on things they can do to improve the situation rather than blaming circumstances or other external factors. This shows a high level of resilience in the individual. This is in accordance with (Hartini et al., 2023) research results which showed that internal locus of control allows individuals to take ownership of these events and their responses to them, enabling them to choose adaptive behavioral methods to deal with them in the moment. An individual with an internal locus of control possesses characteristics such as a positive outlook on their success, effective problem-solving abilities, a strong work ethic, and the capacity for critical thinking. These traits enable individuals to navigate challenges more effectively, enhancing their ability to recover and thrive following a crisis (Cazan & Dumitrescu, 2016). Previous study conducted

by (Felicia et al., 2022) also stated that internal locus of control has a positive and strong relationship with resilience among adolescents.

Testing of H3 shows that resilience has a positive and significant effect on entrepreneurial intention with a significance value of < 0.05 , which is 0.000 and a beta value of 0.420. This shows that individuals who have high resilience will have high entrepreneurial intention. Individuals who can easily rise from adversity will be more confident in running a business as a business owner. Individuals must be able to solve problems and adapt to changes that occur so that the business they run can survive. Therefore, Generation Z who have high resilience will be more confident in deciding entrepreneur as the job they want to do in the future. This finding aligns with previous research by Emrizal and Primadona (2023), which demonstrated a positive and significant effect of entrepreneurial resilience on entrepreneurial intention. Similarly, Cruz et al. (2022) found that higher levels of resilience are associated with an increased perception of control over entrepreneurial intention. Additionally, other scholars, such as Bullough et al. (2014), have highlighted that resilience plays a crucial role in personal decision-making when entrepreneurs seek to overcome adverse economic conditions and pursue business ventures.

Testing of H4 based on calculations using the Sobel test obtained a calculated t value of 6.06 which is higher than t table of 1.97. This shows that resilience significantly mediates the influence of internal locus of control on entrepreneurial intention, where the mediation that occurs is partial mediation because all relationships between variables are proven to be significant. Internal locus of control is the basis of the mindset that makes individuals resilient. When a crisis occurs in their lives, individuals will focus on internal matters rather than external factors so that individuals will recover more quickly from adversity. These important traits enhance their capacity to recognize and capitalize on entrepreneurial opportunities (Wu et al., 2023), because entrepreneurs are responsible for determining the future fate of their own companies. Business cycles also show that there will always be a phase where businesses become less strong due to changes that continue to occur in the environment. Resilience is essential for navigating new challenges, particularly for newly established ventures, which require the implementation of strategic approaches that facilitate their long-term sustainability and growth (Capera, 2024). Generation Z who are used to rising from adversity, will have a high level of interest and feel that choosing a job as an entrepreneur is easier. The findings of previous research suggest that resilience enhances entrepreneurial intention (Ukil & Jenkins, 2022).

Conclusion

All the hypotheses in this study are accepted, where internal locus of control significantly positively influences entrepreneurial intention; resilience significantly positively influences internal locus of control; resilience significantly positively influences entrepreneurial intention; and resilience significantly mediates the influence of internal locus of control to entrepreneurial intention in Generation Z in Denpasar.

These findings have important implications for aspiring entrepreneurs and educational institutions that offer entrepreneurship training, highlighting the need to foster resilience and a strong internal locus of control within the current Generation Z to enhance their entrepreneurial capabilities. Resilience and an individual's mindset during the learning process in educational settings play a critical role in determining the speed at which they can successfully start a business. Teachers and lecturers in educational institutions are responsible

for guiding students to fully develop their potential by providing challenging and self-motivating activities which are designed to help students manage their emotions and focus on overcoming challenges. By fostering these skills, students can improve their competencies and knowledge, thereby approaching entrepreneurship with greater determination, focus, and a higher potential for success. Furthermore, to reach the optimal output, government should start to arrange access of educational psychologist to give the appropriate training directly to the students or through the teaching staffs.

This study is a cross-sectional study, therefore it observes respondents at a single point in time. To address these limitations, future researchers are recommended to use longitudinal study designs that can better capture temporal relationships and provide stronger evidence for causality. Since the mediation type is partial, this suggests that there are other pathways to strengthen the influence of internal locus of control to entrepreneurial intention. It is also recommended to include additional mediating variables that may provide a deeper understanding of the relationship between the internal locus of control and entrepreneurial intention, such as motivation, self-efficacy, entrepreneurial education, or social support.

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