

# Digital Generation: Entrepreneurial Motivation of Generation Z in digital Era



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**Abstract:** *The rise of study programs that offer Entrepreneurship since 2017 in west Java also followed by moral responsibility for the success of its graduates to become a successful entrepreneur. The problem that arises is, whether prospective students or students themselves have the same perception with the Institution of educators, which has a strong desire or motivation to become entrepreneurs. This motivation needs to be measured and analyzed further. Is it true that those who are prospective students have the motivation to become entrepreneurs? What kind of motivation do they have? The target respondent of this research is Generation Z. This study uses quantitative research methods. The data collection technique was carried out by distributing questionnaires to a number of Private High School students in Bandung who were interested in the Entrepreneurship Study Program. The sample selection from this study was conducted by purposive sampling. Data testing and processing were carried out by exploratory analysis factor with SPSS software. The benefits of this research will be implemented directly in the Entrepreneurship study program itself, by understanding the motivation of the generation Z to become an entrepreneur, will help lecturers decide the methods and class management that is right for the generation Z, which can maintain and enhance their motivation, and can modify techniques for their extrinsic motivation to optimize learning outcomes.*

**Index Terms:** *digital generation, generation z, entrepreneurial, motivation, digital era*

## I. INTRODUCTION

This decade, entrepreneurship, is starting to become a trend, where studies programs are emerging that offer entrepreneurial interest. Specifically in West Java since 2017 Entrepreneurship Study have been offered by many institutions, both frontally called study programs and those that only mention it as part of promotion (graduates become entrepreneurs). The rise of study programs that offer Entrepreneurship as a specialization certainly needs to be

followed by moral responsibility for the success of its graduates to become a successful entrepreneur.

The problem that arises is, whether prospective students or students themselves have the same perception with the Institution of educators, which has a strong desire or motivation to become entrepreneurs. Why does this matter? If students (prospective entrepreneurs) actually do not have the motivation to become entrepreneurs, it will become an obstacle in the learning process and affect the level of success as a graduate. Therefore, this motivation needs to be measured and analyzed further. Is it true that those who are prospective students have the motivation to become entrepreneurs? What kind of motivation do they have?

In accordance with the target respondents of this study is to measure the motivation of prospective students belonging to the grouping of generation Z, the focus of this study is to examine the motivation of Gen Z to become entrepreneurs. Through this research what things will motivate this Gen Z to become an Entrepreneur? Is the desire to become an entrepreneur is intrinsic or extrinsic motivation, or is it just following the trend.

Knowing the motivation of Gen Z to become an Entrepreneur will help open the horizon in understanding the Z gene as we know that motivation is one of the significant factors that can determine an individual's success in doing something. This research will provide direct benefits for learning and teaching activities in the Entrepreneurship Study Program. Understanding the intrinsic and extrinsic motivation of Gen Z to become an entrepreneur, will help lecturers decide on the appropriate management methods and classes for Gen Z, which can nurture and enhance their motivation, and can modify techniques for their extrinsic motivation to optimize learning outcomes.

## II. LITERATUR REVIEW

Entrepreneurship in [1] is defined as the process by which individuals pursue opportunities without regard to resources they currently control for the purpose of exploiting future goods and services. When interpreted freely, entrepreneurship is a process where individuals pursue opportunities without regard to the resources they currently control for the purpose of exploiting future goods and services. According to [2] what distinguishes an entrepreneur from non-entrepreneurs is that an entrepreneur creates / creates an organization, while a non-entrepreneur does not.

Entrepreneurship is not an easy thing to do [3], [4], it requires an unyielding struggle and enthusiasm to be able to turn existing business ideas into reality [5].

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Strong and consistent motivation is needed. Motivation is something unique, which is different in each individual, even different from time to time in an individual[4], [6], [7].

In motivation there are desires, drives, needs, wishes and similar forces that require gratification. Motivation talks about the direction, intensity, and persistence to face challenges in achieving goals.

As revealed by [4] that the strength of activation is determined by the strength of motivation, weak motivation will not be transferred into real action, especially if a job is considered difficult or not as desired. In line with that, it is related to the enthusiasm and drive for entrepreneurship, the existence of strong motivation will be the foundation of individual success to become an Entrepreneur.

A number of studies on the relationship between motivation and entrepreneurship have proven a significant relationship between motivation and entrepreneurship[4], [6], [8] (Ghasemi et al., 2011; Carsrud and Brannback, 2011; Estay et al., 2013; Kirkwood, 2009., Seals et al., 2005) so that motivation is a matter the important thing is that you should have to become an entrepreneur. Research by Ghasemi et al (2011) for example, has confirmed that there is a significant positive relationship between motivation and entrepreneurship, thus prospective entrepreneurs, in this case prospective students of Entrepreneurship, need to have a strong impulse in themselves, in addition to supporting elements, external encouragement and processes study. This was also confirmed by Carsrud and Brannback (2011) through his research which showed that entrepreneurial motivation is important as a mechanism that explains entrepreneurial behavior.

As stated above, the importance of motivation in entrepreneurship and entrepreneurship. This research will examine further about entrepreneurial motivation from Generation Z. Based on literature studies that have been conducted by researchers, it is known that research on entrepreneurial motivation from Generation Z has never been done before, this shows the originality of this study. Generation Z is also known as Post-millennials, I-generation, or Homeland Generation[9][10], [11]. Generation Z refers to those born between 2000 and 2010. One specific aspect of Generation Z is their expertise in using the Internet, where they are a generation that is very comfortable with technology and uses social media in most of their communications[12]. Based on the results of research from Singh and Dangmei (2016), the Generation Z has its own uniqueness in terms of criteria and differs in terms of motivational factors. This uniqueness and difference in motivation will be explored more deeply through this research, so that an understanding of intrinsic and extrinsic motivation from this Generation Z will emerge. As stated by Hampton and Keys (2016), the uniqueness of this Generation Z influences their perspective and ways of approaching them in terms of education and work. In line with this, then further research into the motivations of the Generation Z will be very helpful to understand the ways they approach learning and their perspective in solving problems that might be encountered in pioneering business while in the guidance of study programs.

### III. METHODOLOGY

This research uses quantitative research methods. The data collection technique was carried out by distributing questionnaires to a number of Private High School students in Bandung who were interested in the Entrepreneurship Study Program. In accordance with the specific objectives of this study, which are expected to provide direct benefits in the development of teaching in the Entrepreneurship study program, the high schools involved to become respondents of this study.

Data collection activity was conducted on September 2019 in a university in Bandung. Respondents were chosen based on their age or birth year to confirm if they were *Gen Z*. 150 undergraduate students filled out the questionnaire and it is fair to determine that the number is sufficient according to central limit theorem. These students were asked several questions including their demography, the purpose of using social media, and influencing factors for them to start their own business. Twenty one reasons were provided to respondents and asking them using *Likert* scale with 5 as the maximum number conditioning they would mostly agree. These questions would be the main data on analysis of this study. These variables include:

- Financial security
- Learning
- Give direct contribution
- Survival
- Freedom
- Elevate family status
- Innovation
- Product development
- Flexibility in personal life
- Time flexibility
- Indirect access to success
- Will for income
- Society approval
- Elevate welfare in society
- Working for self
- Impact to society
- Friends appreciation
- Gain position in society
- Family demands
- Following trend, and
- Friends influence

Post to the data collection, data analysis is conducted using statistical analysis software. To achieve this study's objectives, factor analysis is used as main analysis aside from descriptive statistics. Since we do not want to pre-determine the number of components, the number of components would be unknown until the output of analysis came out. When analysis is conducted, we could create conclusion and recommendations.

IV. RESULT

A. Respondents demography

From 150 total respondents in this study, there are 63.3% of the respondents who are males, and remaining 36.7% of respondents are females. Meanwhile, respondents' city of residence is majorly in Bandung. In figure 1, more than 60% of respondents are 18 years old.

While second largest respondents are 19 years old, followed by 17, 20, and 21 years old, respectively. Therefore, we confirmed that based on their age, respondents are categorized as Generation Z.

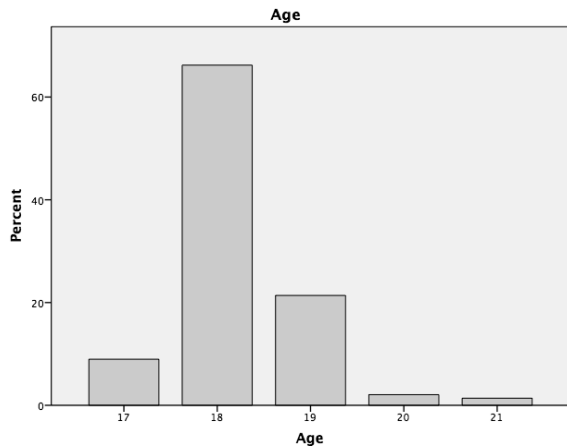


Fig.1 Responden Demography

As seen in table 1, almost 93% of respondents reside in Bandung, which confirm the place of conducting data collection is in Bandung. While remaining respondents were scattered to Banjarmasin, Bekasi, Cianjur, Cimahi, Cirebon, Purwokerto, and Tegal. Bekasi, Cianjur, Cimahi, and Cirebon are still located in West Java, while Purwokerto and Tegal are in Central Java, and Banjarmasin is in Borneo Island. These respondents are studying in Bandung but some respondents come from cities mentioned above.

Table- I: City of Residence

	Freq	Percent	Valid Percent	Cumulative Percent
Valid Bandung	139	92.7	92.7	92.7
Banjarmasin	1	.7	.7	93.3
Bekasi	1	.7	.7	94.0
Cianjur	1	.7	.7	94.7
Cimahi	3	2.0	2.0	96.7
Cirebon	3	2.0	2.0	98.7
Purwokerto	1	.7	.7	99.3
Tegal	1	.7	.7	100.0
Total	150	100.0	100.0	

When respondents were asked if they would like to become entrepreneurs in the future, the majority answered yes, while the second most answered was uncertain and then no. This indicates that more respondents are still unsure if they want to be entrepreneurs than those who are certain that they do not want to be entrepreneurs. Also, it is a good indication that most Generation Z has the intention to become entrepreneurs.

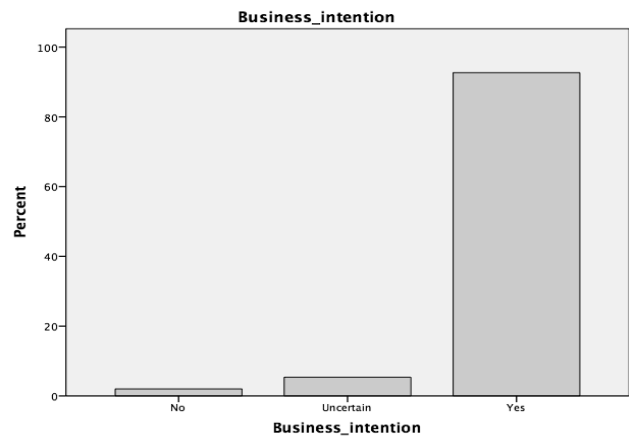


Fig.2 Business Intention

Generation Z and social media cannot be separated since they were already exposed by technological advancement such as smart phone. Therefore, we also would like to determine whether respondents also use social media for their business. First, we asked them how many social media that they own including messaging applications. More than 30 percent claimed that they have more than five social media applications including messaging applications. Meanwhile, less than 30 percent mentioned they had four social media applications, followed by almost similar three and five applications, two, and one application, respectively. Therefore, as suggested by authors, Generation Z and social media have strong ties.

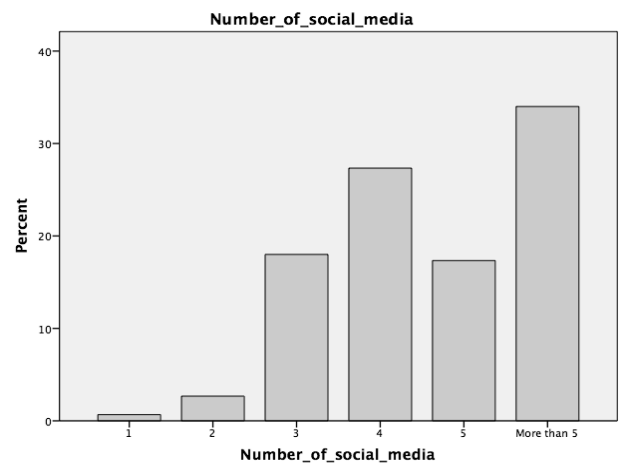
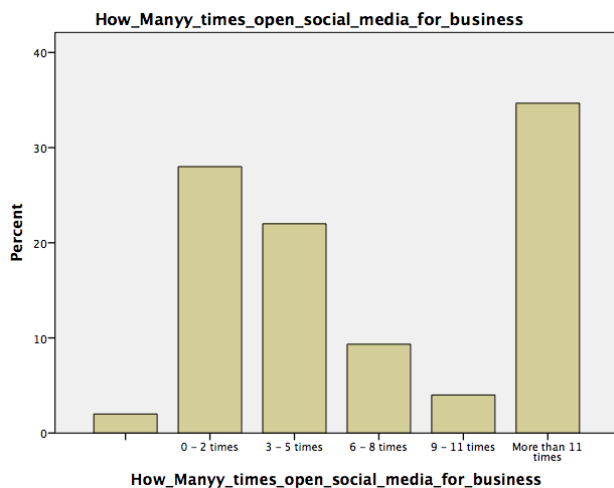


Fig.3 Number of Social Media

While the strong relationships between generation Z and social media, we were also questioning whether social media became the primary media for business promotion. From respondents' answer, 66 percent claimed that they used social media as promotion tools for their business, while remaining stated they did not. This claim is in line with the previous finding that Generation Z has many social media application including messaging application that could be used as more than socializing purposes.

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**Fig.4 Social Media for Business**

Lastly, when respondents were asked about how many times that they open social media for the purpose of their business, more than 30 percent stated that more than 11 times per day. However, second most chosen answer was between 0 – 2 times per day (less than 30 percent); this indicates that answers from respondents vary and are divided between extreme numbers. Hence, we could conclude that even though respondents have social media applications and have strong relationships with them, it does not mean that they would use them for their business but rather for leisure and socializing.

### B. Factor Analysis

Based on the factors mentioned in Methodology part, we utilized factor analysis to identify the characteristics or types of factors influencing Generation Z to become entrepreneurs. Based on the sample collected, according to Kaiser-Meyer-Olkin measure of sampling adequacy, samples collected are considered sufficient for further analysis (the number shows 0.865, while 0.6 is considered the minimum measurement). Meanwhile, according to significance level of Bartlett's test, we could conclude that the correlation matrix is an identity matrix with significance level of 0.

In this study we use Principal Component Analysis (PCA) factor analysis, and as described by table above, there are five factors that are automatically created based on data availability. Here, approximately 63 percent of variance is distributed in those five factors. As for the number of component, we did not limit the number of components but we rather determine the number of components that has eigenvalue above 1. On the scree plot, there are five numbers that have eigenvalue above 1; hence we determine that there are five components in this factor analysis for this particular study, which is in line with the explanation of table total variance explained.

We set the component matrix to eliminate the correlation value below 0.3 to clearly see which variables belong to which component. Below is the component matrix calculated from data available when not rotated, which indicated the correlation between the variables and components formed. As displayed, there are still some variables that have low correlations to the components; and furthermore there are several variables that belong to more than one component. Therefore, we conducted varimax rotated components.

Rotation would indicate the consistency of variables in the particular components. However, from rotation result, there are still several variables that have loadings in more than one component. Those variables are: Financial security; Learning; Survival; Freedom; Elevate family status; Flexibility in personal life; Time flexibility; Indirect access to success; Will for income; Elevate welfare in society; and following trend. Ignoring the variables that load in more than one factor, we examine the rest of the variables. In component 1, variables included are give direct contribution, innovation, product development, and impact to society. In component 2, variables that belong here are society approval, friends' appreciation, gain position in society, and following trend. In component 3, the only variable is working for him or herself. In component 4, there is no variable, and in component 5, variables included are family demands, and friends' influence. Adding from multiple loading variables, the variables could be identified in table below

**Table- II: Rotated Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
Financial_security				.622	
Learning	.637				
Give_direct_contribution	.703				
Survival				.659	
Freedom				.538	
Elevate_family_status		.474			
Innovation	.707				
Product_development	.815				
Flexibility_in_personal_life	.572				
Time_flexibility			.578		
Indirect_access_to_success			.614		
Will_for_income		.454			
Society_approval		.830			
Elevate_welfare_in_society		.683			
Working_for_self			.803		
Impact_to_society	.732				
Friends_appreciation		.813			
Gain_position_in_society		.822			
Family_demand					.729
Following_trend					.726
Friends_influence					.817

We set the component matrix to eliminate the correlation value below 0.3 to clearly see which variables belong to which component. Below is the component matrix calculated from data available when not rotated, which indicated the correlation between the variables and components formed. As displayed, there are still some variables that have low correlations to the components; and furthermore there are several variables that belong to more than one component. Therefore, we conducted varimax rotated components.

The result from Factor analysis show that indicator of the research cluster to five factor. Base on the similarity we could draw the model as the table below:

Table- III: Entrepreneurial Motivation of Gen Z

Self Improvement	Social reward	Life freedom	Financial reward	Social Awareness
Learning	Elevate family status	Time flexibility	Financial security	Family demand
Give direct contribution	Will for income	Indirect access to success	Survival	Following trend
Innovation	Society approval	Working for self	Freedom	Friends influence
Product development	Elevate welfare in society			
Flexibility in personal life	Friends appreciation			
Impact to society	Gain position in society			

From five factor above we could separate them into internal and external motivation. Internal motivation includes: self-improvement, social reward, life freedom, financial reward. External motivation: social awareness.

### V. CONCLUSION

This research try to find out internal and external entrepreneurial motivation of generation Z. Base on the result of this study we found that entrepreneurial motivation of generation Z consist of several indicators such as Financial security; Learning; Survival; Freedom; Elevate family status; Flexibility in personal life; Time flexibility; Indirect access to success; Will for income; Elevate welfare in society; and following trend. From those indicator, through factor analysis found that internal motivation of generation Z for become entrepreneur consist of 4 factors: self-improvement, social reward, life freedom, financial reward. Meanwhile, the external motivation of generation Z for become entrepreneur is social awareness. Social awereness in this study refers to influences from family members, trend in society that push them to become entrepreneur or take entrepreneurship program, and the last ones is influences from their own friend that already became entrepreneurship program student.

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**Dr. Mulyani**, graduated from Doctoral of economic program. Mulyani have a passion in research about art and humanity, management and leadership. She is a lecturer of Entrepreneurship program of BINUS University. Her concern about teaching and research made her become part of lecturer association namely

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