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# FINANCIAL LITERACY, DIGITAL SKILLS AND PERSONALITY TRAITS IN RELATION TO ENTREPRENEURIAL SPIRIT AMONG ACCOUNTING UNDERGRADUATES



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NADIAH FARHANAH BINTI MOHAMAD FAZIL

SULTAN IDRIS EDUCATION UNIVERSITY

2023



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**FINANCIAL LITERACY, DIGITAL SKILLS AND PERSONALITY TRAITS IN  
RELATION TO ENTREPRENEURIAL SPIRIT AMONG ACCOUNTING  
UNDERGRADUATES**

**NADIAH FARHANAH BINTI MOHAMAD FAZIL**

**DISSERTATION SUBMITTED IN FULFILLMENT FOR THE REQUIREMENT  
OF MASTER OF EDUCATION  
(RESEARCH MODE)**

**FACULTY OF MANAGEMENT AND ECONOMICS  
SULTAN IDRIS EDUCATION UNIVERSITY**

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## ABSTRACT

The objective of this study is to develop a framework by examining the relationship between financial literacy, digital skills and personality traits with Accounting undergraduates' entrepreneurship spirit, including the role of personal financial management as a mediator. A quantitative research design was used to answer eight research questions and six hypotheses. A questionnaire was adapted from multiple scholars to measure financial literacy, digital skills, personality traits, personal financial management and entrepreneurship spirit. Two hundred and forty-eight Accounting undergraduates were selected as a sample through simple random sampling. Descriptive analysis using SPSS revealed that Accounting undergraduates have a high level of financial literacy, digital skills and personal financial management, with average level of entrepreneurship spirit. Results of path analysis on SmartPLS revealed that the relationship between personality traits and entrepreneurship spirit was the most significant with a correlation coefficient of 0.439, and conscientiousness being the most significant trait. Further, the results also demonstrated significant relations between personal financial management with both financial literacy and entrepreneurship spirit, with correlation coefficients value of 0.629 and 0.159 respectively. Mediation effects of personal financial management was also not proven. The findings of this study have theoretical implications on the antecedents of behavioural intention in the Theory of Planned Behaviour. Further, the study also contributes to the body of knowledge on the roles of entrepreneurial personality traits on entrepreneurial spirit. The Ministry of Higher Education (MOHE) and higher-educational institutions are advised to shape entrepreneurial personalities through observation-based learning and frequent practical sessions with inspiring entrepreneurs in the industry, including creating entrepreneurial hands-on experience for undergraduates.





## **HUBUNGAN ANTARA LITERASI KEWANGAN, KEMAHIRAN DIGITAL DAN CIRI PERSONALITI DENGAN SEMANGAT KEUSAHAWANAN MAHASISWA PERAKAUNAN**

### **ABSTRAK**

Objektif kajian ini ialah untuk membina rangka dengan meneliti hubungkait antara literasi kewangan, kemahiran digital dan ciri personaliti dengan semangat keusahawanan dalam kalangan mahasiswa perakaunan, serta peranan pengurusan kewangan peribadi sebagai pengantara. Reka bentuk penyelidikan kuantitatif telah digunakan untuk menjawab lapan persoalan kajian dan tujuh hipotesis. Soal selidik diadaptasi dari beberapa orang ilmunan bagi mengukur literasi kewangan, kemahiran digital, ciri personaliti, pengurusan kewangan peribadi dan semangat keusahawanan. Seramai 248 orang mahasiswa perakaunan dipilih sebagai responden menggunakan pensampelan rawak mudah. Analisis deskriptif di SPSS mendedahkan mahasiswa perakaunan mempunyai tahap literasi kewangan, kemahiran digital dan pengurusan kewangan peribadi yang tinggi, serta menunjukkan tahap sederhana dalam semangat keusahawanan. Hasil analisis hala tujuan menunjukkan bahawa hubungkait antara ciri personaliti dan semangat keusahawanan adalah yang paling signifikan, dengan nilai pekali korelasi sebanyak 0.439, di mana kehematan merupakan sifat yang paling signifikan. Hasil analisis juga menunjukkan hubungkait signifikan pada hubungan pengurusan kewangan peribadi bersama literasi kewangan dan juga semangat keusahawanan, dimana pekali korelasi masing-masing bernilai 0.629 dan 0.159. Peranan pengurusan kewangan peribadi sebagai pengantara juga tidak dapat dibuktikan. Dapatan kajian ini mempunyai implikasi ke atas faktor niat berperilaku dalam Teori Gelagat Terancang (TPB). Dapatan kajian ini juga menyumbang kepada badan ilmu berkenaan dengan peranan ciri personaliti usahawan pada semangat keusahawanan. Secara amnya, Kementerian Pendidikan Tinggi Malaysia dan institusi pengajian tinggi disarankan untuk membentuk sifat keusahawanan melalui pembelajaran secara pemerhatian serta melalui sesi amali berkala dengan usahawan yang terkemuka dalam industri, termasuk mewujudkan pengalaman amali keusahawanan untuk mahasiswa.



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## LIST OF ABBREVIATIONS

4IR	Fourth Industrial Revolution
A	Agreeableness
AVE	Average Variance Extracted
C	Conscientiousness
CA	Cronbach's Alpha
CD	Cognitive Dimension
CFA	Confirmatory Factor Analysis
CR	Composite Reliability
DS	Digital Skills
E	Extraversion
ES	Entrepreneurship Spirit
FA	Financial Attitude
FB	Financial Behaviour
FK	Financial Knowledge
FL	Financial Literacy
HCM	Hierarchical Component Model
HOC	Higher Order Construct
HTMT	Heterotrait-Monotrait Ratio of Correlations
I	Investment
INFE	International Network on Financial Education



LOC	Lower Order Construct
MA	Money Attitude
MOHE	Ministry of Higher Education
N	Neuroticism
O	Openness to Experience
OECD	Organisation for Economic Co-operation and Development
PFM	Personal Financial Management
PLS	Partial Least Squares
PT	Personality Traits
S	Savings
SED	Social-emotional Dimension
SEM	Structural Equation Modelling
SPSS	Statistical Package for Social Sciences
TD	Technical Dimension
TPB	Theory of Planned Behaviour
VIF	Variance Inflation Factor
WA	Wealth Accumulation

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## CHAPTER 1

### INTRODUCTION



#### 1.1 Introduction

Entrepreneurship refers to the process of new venture creation (Kloepfer & Castrogiovanni, 2018). Entrepreneurship has been accepted worldwide as a crucial solution in curbing multiple issues. For instance, it plays a significant role as an engine to stimulate economic growth (Hassan et al., 2020; Stoica et al., 2020), which can reduce unemployment as well as poverty within a nation. Regardless of its significance, entrepreneurship is not amongst the profession that most individuals prefer, in fact, the youth would rather work in the government sector (Hassan et al., 2020), or private institutions which shows they have little to no interest in becoming entrepreneurs.





Entrepreneurship within the local community needs to be encouraged, instead of relying on foreign investment, so as to maintain long-term socio-economic sustainability. Therefore, it is vital that entrepreneurship is perceived as an attractive profession among the individuals, especially youth in Malaysia to encourage their participation in venture creation. Along with this, entrepreneurship education is expected to motivate the youth to become entrepreneurs. In Malaysia, the Ministry of Higher Education (MOHE) has made it compulsory for all students enrolled in public universities to register for entrepreneurship courses as an initiative to instil entrepreneurship mindset within graduates (MOHE Blueprint 2015-2025). Thus, it is consequential that the entrepreneurship education is continuously refined to ensure it remains effective in encouraging the youth to choose entrepreneurs as their profession.



Such refinements can be made by looking at the current changes in the surrounding, particularly the digital landscape. The rapid advancement of technology and the Fourth Industrial Revolution (4IR) taking place in multiple economies has pushed digital skills to emerge as one of the most essential and required skills in every individual. Especially for entrepreneurs, being digitally literate can be favourable for them in exploiting new opportunities and expanding their business to meet new markets to sustain in the long run.

The evolving landscape of the digital environment has also affected the provision of financial services through digital platforms, giving easy access for users to manage their finances at the tip of their fingers. Ease of access to digital financial services also extends a wide range of opportunities for individuals to grab, for





instance the option to invest in stocks and digital gold, as well as varying saving options. As such, along with rise of new financial technology, or ‘fintech’, new business models emerge that can accelerate financial inclusion rates and entrepreneurship among youth in developing countries (Aligishiev & Gravesetijn, 2020), such as Malaysia. This suggests that the advancing financial ecosystem can encourage the involvement of new entrepreneurs in the venture creation business. Thus, this calls for the individuals to be literate in both the digital aspect and the financial aspect.

Other than that, entrepreneurial behaviour can be developed through entrepreneurial attitude which is influenced by the effectiveness of entrepreneurship education (Agarwal et al., 2020). Attitude has its associations with the personality traits of individuals, and it can bring changes to one’s personality including their capabilities which makes them different from other individuals (Agarwal et al., 2020). In refining entrepreneurship education, great importance needs to be placed in developing the youths’ entrepreneurship intention through their individual personalities, since entrepreneurial passion is shaped by an individuals’ stable personality traits (Obschonka et al., 2019). Through this, the individuals are more likely to find entrepreneurship as an attractive career to pursue passionately rather than opting to become an entrepreneur due to desperation.

Essentially, entrepreneurs are expected to be resilient and adapt to changes that are taking place in the business environment to feel assured they are capable of surviving in the steadfast and competitive landscape of entrepreneurship. Therefore, this paper unfolds individual-related factors such as financial literacy, digital skills



and personality traits that are relevant to the changes happening currently, that can influence the development of youth entrepreneurship spirit through means of higher education.

## 1.2 Research Background

Malaysia aspires to become an entrepreneurial nation by the year 2030 and in achieving such ambitious goal, the National Entrepreneurship Policy (NEP) 2030 has been put in place by the Malaysian government which consists of long-term strategies, covering a wide range of aspects. The policy aims to provide a holistic and conducive entrepreneurship environment to support entrepreneurs in running a business, instill entrepreneurship mindset among the nation, increase the number of competent, resilient and competitive entrepreneurs, enhance capabilities of micro, small and medium enterprises and ultimately make entrepreneurship as a preferred career choice (NEP, 2030). Through this effort, the Malaysian government expects the country's economy to grow since entrepreneurship is essential in contributing to the increment of the Gross Domestic Product (GDP), encourage investments and create job opportunities. These contributions can further help Malaysia to become a developed country faster.

The entrepreneurship ecosystem is also tied to and heavily reliant on technological advancements. Currently, the Fourth Industrial Revolution (4IR) is taking place in economies across the globe, encouraging digital economies to adapt to





the rapid technological advancements. The 4IR focuses on automation, machine learning, real-time data and also interconnectivity (Khan et al., 2021). Although most of the technological enhancements in 4IR is inclined towards manufacturing businesses, the 4IR has a broad influence across different aspects of humans' daily life activities. Technological advances such as artificial intelligence (AI), Internet of Things (IoT) decision making that is driven from data and robotics allows the businesses to take advantage of the opportunities that come with these technologies to expand and compete in the dynamic market.

Although it is ideal to set up a new venture in Malaysia, given the support and initiatives provided by the government, as well as opportunities that come with the advancement of technology through 4IR, Malaysians prefer to seek jobs rather than create jobs. This hampers the objectives of the NEP (2030) to make Malaysia an entrepreneurial nation by the year 2030. Furthermore, since Malaysians prefer to seek jobs rather than to become self-employed, the job hunting becomes exceptionally competitive due to a limited number of open vacancies in the existing market. As a result, many individuals across all walks of life face dreadful unemployment.

The unemployment issue becomes more concerning due to the outbreak of the Covid-19 virus since lockdowns were enforced in most countries worldwide. The lockdown caused a major economic shutdown where a major number of businesses were affected and unable to operate. As a result of this, most businesses, especially small and medium sized enterprises struggle to survive due to forced closure due to the lockdown. As a consequence, many individuals were terminated from their jobs, to minimize operating costs.





In the perspective of youth, the Graduate Tracer Study Report (2018) reported that close to 60 percent of graduates in Malaysia are still unemployed even after a year of their graduation and the rate of unemployment among the youth are expected to increase due to the pandemic (Abd Rahman et al., 2020). Nonetheless, this can be avoided provided that the youth see the opportunities and advantages in becoming entrepreneurs. Unfortunately, recent study has found that the youth in Malaysia are less interested in becoming entrepreneurs because they deemed themselves as not fit for the career (Aligishiev & Gravesteijn, 2020). This indicates that the youngsters in Malaysia lack the skills that are necessary to become successful entrepreneurs, which causes them to feel discouraged and uninterested about the career.

From the financial perspective, financial literacy is essential for a business start-up (Hiang & Worthington, 2015) and also imperative in managing the business finances to ensure long-term survival of the enterprise (Ripain et al., 2017). Suparno and Saptono (2018) purported that entrepreneurs need to have a sound financial literacy to manage business finances such as budget, credit and financial risks. As such, these studies stipulate that being financially literate is an important criteria of becoming an entrepreneur. However, recent findings indicated that Malaysians' financial literacy level is on the lower side. The Malaysian Credit Counselling and Debt Management (AKPK) in 2018 reported that working adults were oblivious to the amount of money they should save, which shows that they struggle with financial planning.

In 2019, the Malaysian Department of Insolvency (MDI, 2019) reported 22 percent of bankruptcy cases were from the youth. Saieed (2017) found that





Malaysians are not backed by sufficient financial assets and savings for their retirement. Further, it was found that young Malaysians lack financial knowledge and are heavily burdened by debt (Asian Institute of Finance, 2015; Murugiah, 2016). These findings illustrate that both adults and the youth struggle with financial planning, which is a result of poor financial literacy.

On the other hand, the emergence of the 4IR and unforeseen circumstances such as the Covid-19 outbreak has increased the importance of digital skills across all aspects of life, including entrepreneurship. Rashid et al., (2021) asserted that digital skills have become imperative to entrepreneurs during the pandemic and that it is important to possess such skills as entrepreneurs. However, it was reported by Randstad (2018) that 90 percent of the workforce in Malaysia are lacking in digital skills, and for youth, one of the reasons they are unemployed is due to their lack of digital skills. Further, Anthonysamy (2020) found that in the digital learning environment, Malaysian youth lacked in cognitive and social-emotional digital skills. This shows that the digital skills of Malaysians can be improved since it is generally on the lower side for most Malaysians.

Essentially, entrepreneurship can resolve unemployment issues in the country, alongside boosting economic growth. However, several issues related to individual-related skills need to be addressed to encourage entrepreneurial participation among the nation. To add, the NEP (2030) affirms that the economic success of entrepreneurs relies heavily on their own efforts and skills, regardless of the external support provided from other parties. Therefore, this study aims to ignite youth entrepreneurship spirit by looking into their individual capabilities and perception.



### 1.3 Problem Statement

Increment in entrepreneurship participation can be used to combat issues of unemployment, especially among the youth in the country. Although it was revealed that the youth demonstrated great intention and inclination towards entrepreneurship (Mohammad et al., 2022), the rate of unemployment among graduates remain high even a year after their graduation (Graduate Tracer Study Report (2018), suggesting that only a small percentage of them venture into entrepreneurship. This could be tied to their perception of deeming themselves as not fit for the career (Aligishiev & Gravesteijn, 2020), indicating they are not well-equipped with entrepreneurial skills such as financial literacy (Ripain et al., 2017) and digital skills which is especially significant to businesses where the digital environment is rapidly advancing (Yusoff et al., 2021; Rashid et al., 2021).

Digital skills are generally required in most areas of work (Khuraisah et al., 2020), including the field of entrepreneurship. The outbreak of the Covid-19 virus has significantly emphasized the need for entrepreneurs to possess digital skills (Rashid et al., 2021) since the lockdown enforced has caused most areas of work to shift to virtual platforms. In adjusting to this change, some businesses have unfortunately gone under, which may relate to their lack of digital skills. This was revealed in the NEP 2030 where majority of the workforce in Malaysia is semi-skilled, resulting in moderate technology adoption among enterprises which impacts productivity as well as impede local business owners to compete on a global scale (NEP, 2030).



The youth in Malaysia also demonstrated a lack of digital skills in the cognitive and social-emotional aspect, within the digital learning environment (Anthonysamy, 2020). To add, they are more proactive in using technology for entertainment purposes rather than for beneficial purposes (Prior et al., 2016). These scenarios highlight the need for Malaysians to upgrade their digital skills to be able to navigate the digital environment, especially in the business aspect as being digitally literate will instill their confidence and ignite their spirit towards becoming entrepreneurs especially during a time where the business landscape on e-commerce platforms are rapidly advancing.

Next, financial literacy is also an essential skill for business management (Ripain et al., 2017). Unfortunately, Malaysian adults and youth demonstrated a low level of financial literacy. This was observed from the Bank Negara's Financial Capability and Inclusion Demand Side Survey 2018 (FCI Survey, 2018), where Malaysians fall short in planning and saving their finances efficiently, with reportedly more than 50 percent struggling to save RM1000 as emergency funds. Similarly, the Malaysian Department of Insolvency (MDI) in 2019 reported that among the total bankruptcy cases, about 22 percent of the cases were from youth. These statistics illustrate poor personal financial management among Malaysians which stems from their shortfall in financial literacy.

The state of financial literacy among the nation reduces the chances for individuals especially the youth to develop entrepreneurial spirit. This is since being financially literate is essential in keeping a business afloat for a longer term, since efficient financial management allows the enterprise to continue to operate and





expand in the foreseeable future (Ripain et al., 2017). Further, entrepreneurship spirit may also be ignited through the mediation of personal financial management which stems from an increased financial literacy. Higher level of financial literacy leads to better personal financial management, and hence provides exposure to effectively managing business finance, which covers broader areas such as budget, credit and risk management (Suparno & Saptono, 2018). Overall, more emphasis should be given to financial literacy in igniting entrepreneurship among the youth since it be both beneficial in both personal and business aspects of financial management.

On top of that, personality traits may also encourage youth entrepreneurship spirit. There have been many scholars that have studied the personalities of entrepreneurs or individuals that express a high level of entrepreneurial intention, be it adults or youth (Soomro et al., 2016; Sahin et al., 2019; Ismail et al., 2009). In spite of this, there are still limited research sampling accounting undergraduates' personalities towards entrepreneurship intention in Malaysia. To add, the local literature has mostly studied the entrepreneurial personalities of vocational students (Rofa & Ngah, 2022; Juhari et al. 2023). Accounting graduates may be more inclined towards entrepreneurship since they are already equipped with financial and accounting knowledge that can be beneficial in the course of their venture creation. In addition, identifying related personalities may assist scholars and policy makers to refine educational programs for undergraduate accounting program to build and enhance personalities to create intention towards entrepreneurship among youth.

Overall, this study intends to tackle issues at hand such as unemployment, especially among youth through encouraging them to initiate a business start-up.





Nevertheless, there is a hindrance in sparking interests of the youth in entrepreneurship which is their own ability and skills. As NEP 2030 purported, the success of entrepreneurs depends heavily on the entrepreneurs' own capabilities, skills, and efforts despite the receiving support provided from external parties. Hence, this study focuses on individual financial literacy, digital skills as well as their personal attributes that can ignite their spirit to become entrepreneurs.

In contrast to other studies in the literature that have provided insight into antecedents of entrepreneurship spirit through financial literacy, digital skills and personality traits, this study intends to develop a framework that strengthens the roles of aforementioned variables through means of education to encourage youth participation in entrepreneurship. Essentially, through this development of this framework, it is expected that unemployment issues can be reduced, and the skillsets of young Malaysians can be enhanced through education.

#### **1.4 Research Objective**

1. To determine the level of financial literacy, personal financial management, digital skills, and entrepreneurship spirit, including the personality traits of Accounting undergraduates.
2. To analyze the significant relationship between financial literacy, digital skills, and personality traits with entrepreneurship spirit among Accounting undergraduates.



3. To determine if personal financial management (saving, investment, money attitude, wealth accumulation) mediates the relationship between financial literacy and entrepreneurship spirit of Accounting undergraduates.
4. To outline a framework that strengthens the roles of financial literacy, digital skills, and personality traits to increase the discovery of new young entrepreneurs.

### 1.5 Research Questions and Hypotheses

1. What is the level of financial literacy, personal financial management digital skills and entrepreneurship spirit, including the personality traits of Accounting undergraduates?

2. Is there a significant relationship between financial literacy and entrepreneurship spirit among Accounting undergraduates?

H<sub>1</sub>: There is a significant relationship between financial literacy and entrepreneurship spirit among Accounting undergraduates.

3. Is there a significant relationship between digital skills and entrepreneurship spirit among Accounting undergraduates?

H<sub>2</sub>: There is a significant relationship between digital skills and entrepreneurship spirit among Accounting undergraduates.

4. Is there a significant relationship between personality traits and entrepreneurship spirit among Accounting undergraduates?



H<sub>3</sub>: There is a significant relationship between personality traits and entrepreneurship spirit among Accounting undergraduates.

5. Is there a significant relationship between financial literacy and personal financial management (saving, investment, money attitude, wealth accumulation) among Accounting undergraduates?

H<sub>4</sub>: There is a significant relationship between financial literacy and personal financial management (saving, investment, money attitude, wealth accumulation) among Accounting undergraduates.

6. Is there a significant relationship between personal financial management (saving, investment, money attitude, wealth accumulation) and entrepreneurship spirit among Accounting undergraduates?

H<sub>5</sub>: There is a significant relationship between personal financial management (saving, investment, money attitude, wealth accumulation) and entrepreneurship spirit among Accounting undergraduates.

7. Is there a mediating effect of personal financial management (saving, investment, money attitude, wealth accumulation) on the relationship between financial literacy and entrepreneurship spirit of Accounting undergraduates?

H<sub>6</sub>: There is a mediating effect of personal financial management (saving, investment, money attitude, wealth accumulation) on the relationship between financial literacy and entrepreneurship spirit of Accounting undergraduates.

8. How should financial literacy, digital skills and personality traits be designed to ignite the entrepreneurship spirit of Accounting undergraduates?

## 1.6 Conceptual Framework

Figure 1.1 demonstrates the multiple factors that may have a significant relationship with the entrepreneurship spirit of Accounting undergraduates. As displayed, entrepreneurship spirit of undergraduates is linked with financial literacy through personal financial management, digital skills, and personality traits. In similar cases, past studies have made connections between these constructs and their impact on entrepreneurship spirit (Ergun et al., 2018; Singhry & Bogoro, 2016; Islami, 2019; Monllor and Soto-Simeone, 2019; Soomro et al., 2016; and Şahin et al., 2019).

The framework for this study, as per Figure 1.1, is constructed by a number of theories and models to determine the significance of relationship between the variables. To put into perspective, the theory underpinning the framework is the Theory of Planned Behaviour (Ajzen, 1991), whereby antecedents of entrepreneurial intention are based on individual's attitude towards behaviour and perceived behavioural control, represented by the independent variables namely financial literacy, digital skills and personality traits.

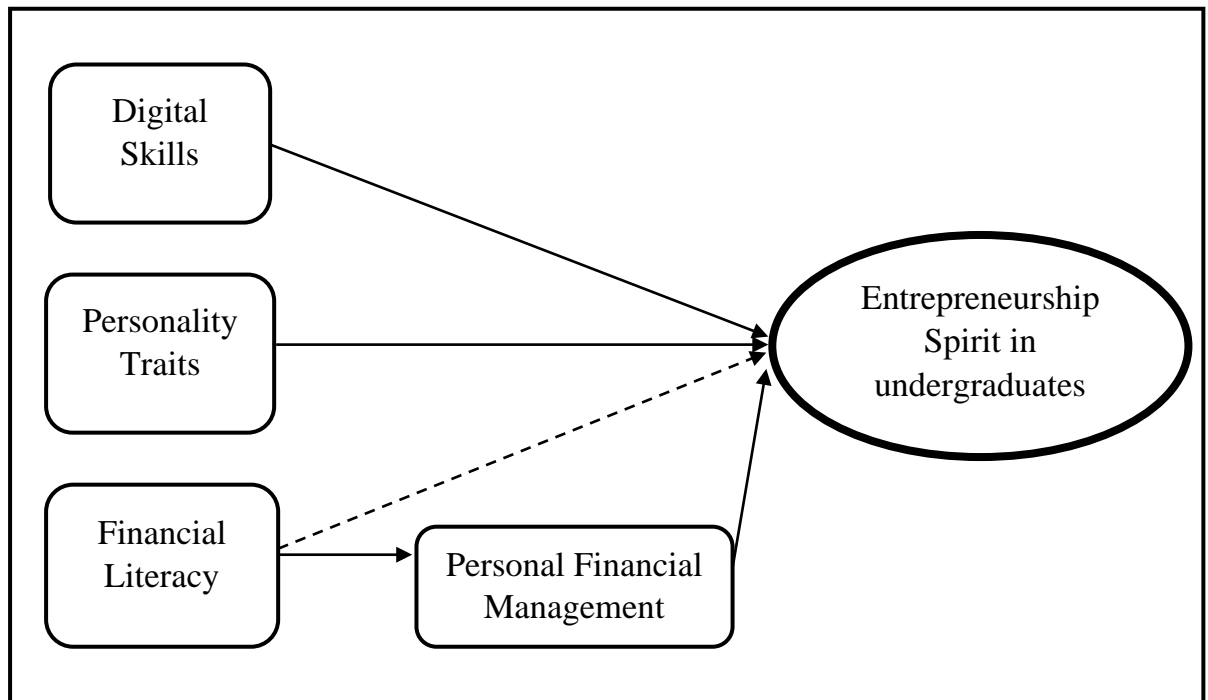


Figure 1.1. Conceptual Framework

Firstly, digital skills may be an important factor in igniting youth entrepreneurship spirit. Previous studies have depicted that digital skills can be a contributing factor that increases individual interest to become entrepreneur. For instance, women show higher spirit to enter entrepreneurship when they possess the skills to operate the internet (Shukla et al., 2021). In the same study, Shukla also found that attitude towards digital entrepreneurship of women is developed when they are well-versed in their digital skills, and as intentions are dependent on attitude (Azjen, 1991), it is fair to assume that digital skills may assist individuals to develop attitude towards entrepreneurship which can therefore increase their intentions to enter entrepreneurship.

As the business environment shift towards digitalization and the IR4.0, employees in the workforce not only need to excel in technology, but they also need



the necessary skills to adapt to the changing requirements of their job (Ahmad, Karim, Din & Albakri 2013; Carnevale & Smith, 2013), the same applies to entrepreneurs or individuals that intend to start their business. In this time, it is imperative for them to possess digital skills to successfully complete their work. Literature suggests a variation of skill sets that are needed to adapt to this era. To name a few, Shukla et al. (2021) listed three internet skills which are operational skills to operate software and hardware system, information skills which is the ability to comprehend and handle structured features of a computer and network and lastly creative skills which includes internet product designing and software-based advertisement. Internet literacy and computer literacy were also considered as digital skills (Islami, 2019).

Meanwhile, a digital literacy framework was developed by Ng (2012) which combines three interesting dimensions that draw together the technical dimension, cognitive dimension, and social-emotional dimension. The current study will use this framework on the basis that entrepreneurship intention can be developed if individuals possess skills encapsulated in the three dimensions. To start, skills in the technical dimension are similar to what has been explained in Shukla et al. (2021) operational skills. Young et al. (2020) in studying digital entrepreneurship mindset, emphasized the importance for entrepreneurs to possess the technical skills defined by Ng (2012) to address problems and navigate the web and existing applications. The extent to which entrepreneurs are capable of using devices and online applications as well as solving technical problems are crucial in managing their business, which can play a part in developing entrepreneurial intentions for students.





Cognitively, entrepreneurs need to be critical in assessing information and situations to make informed decisions related to their business. The framework suggests the need for critical thinking and analytical skills to adapt to and assess the digital environment (Ng, 2012). Undoubtedly, as the business environment rapidly shifts every day, information moves just as quickly online and the amount of information supplied on the internet multiplies exponentially, entrepreneurs need the ability to react and respond critically based on real-time analysis to make vital decisions that affect their business. In parallel to this, Pittman (2002) posited that an elevated magnitude of cognitive literacy is required from entrepreneurs to resolve complex problems and have high reasoning. A lower level of cognitive skills may result in making decisions that could jeopardize the business. For this reason, entrepreneurial intentions may not be derived.



Social-emotional skills explained by Ng (2012) in the framework is described as the ability for one to act responsibly in a digital environment when they are communicating, learning, and socializing. Ng also stresses that in entrepreneurship, it is crucial for entrepreneurs to be eloquent in socializing in the digital environment, having appropriate technological mannerisms as well as being aware of potential harm that can occur in the digital environment. Moreover, skills encapsulated in this dimension enables entrepreneurs to elevate their interaction with technology and learn new functions while acknowledging how it can affect individuals and more importantly individuals. In light of the aforementioned, having social-emotional skills may push individuals, or more specifically, undergraduates to be more inclined towards venture creation.





In the same manner, personality traits of individuals can also be a contributing factor for igniting entrepreneurship spirit. Generally, every individual has their own unique set of personality traits that can distinguish them from one person to another. However, entrepreneurs are believed to have certain identifiable characteristics and personality dimensions that can stimulate their intentions to dive into venture creation (Burns, 2016). To affirm, it was found that the psychological profile of entrepreneurs and students who have high entrepreneurial intention are similar (López-Núñez et al., 2020). These results were characterized by specific personality traits which insinuates that certain personality traits can drive individuals to develop intentions to start their own business since the traits were found similar to those entrepreneurs who are already in the industry.



locus of control, self-confidence, risk-taking propensity and need for achievement. A majority of these traits are related to the nature of entrepreneurship and play a role in entrepreneurial preparedness, intention, and success. For instance, the intention to become entrepreneurs can be realized when individuals have a higher level of entrepreneurial self-efficacy (Sahin et al., 2019), and a high need for achievement (Embi et al., 2019). As for determining entrepreneurial success, risk-taking propensity mediates entrepreneurial success (Mat et al., 2020). From the aforementioned, it is apparent that specific personality traits that are related to entrepreneurship play a role in affecting entrepreneurial intent and success.

The personality traits mentioned above have also been fused with the dimensions of the Big Five Model to test against entrepreneurial intent (Sahin et al.,





2019; Embi, 2019). However, the current study focuses on the five dimensions in the model. The most significant traits that influence inclination to start venture are conscientiousness, openness to experience and extraversion (Sahin et al., 2019; Ismail et al., 2009; Soomro et al., 2016). Entrepreneurial intent may be dependent on conscientiousness since entrepreneurs prefer to have control over their own success which is derived from their own hard work and persistence. Meanwhile, openness to experience is somewhat the nature of entrepreneurs since new venture creation may require entrepreneurs to explore new opportunities, use their creativity in tackling business issues and make strategic business decisions.

As for extraversion, entrepreneurs may require a higher level of extraversion since they need to connect and build networking with multiple parties to succeed in running their business. Entrepreneurs also need to exhibit traits of agreeableness where synchronization of social interactions may be needed especially in approaching concerns present in their business. Being persistently challenged with complex situations also requires entrepreneurs to be emotionally stable to face them in a professional manner, which explains having to be neutral in neuroticism. These traits are bound to ignite the intention for entrepreneurship entry since they are closely related to entrepreneurial activities and processes.

Other than that, recent studies have revealed that financial literacy is capable of instilling intentions within youth to dive into venture creation. For instance, entrepreneurial intention had a partial relationship with financial literacy since financial knowledge could not be significantly related to entrepreneur intent without being converted to behaviour or attitude (Ergun et al., 2018). Similarly, Singhry and





Bogoro (2016) posited that generation Y graduate entrepreneurial intention was affected by financial literacy. In essence, the results of both studies indicated that being financially literate has a significant link to encourage entrepreneurial spirit. Identically, both research measured financial literacy by incorporating three elements which are financial knowledge, financial attitude, and financial behaviour.

Financial behaviour, financial knowledge and financial attitude have been used widely by other scholars to measure financial literacy (Atkinson and Messy, 2012; Potrich et al., 2016) and are not investigated separately since each dimension influences the other. For instance, Potrich et al. (2016) posited that financial knowledge and financial attitude positively impacts financial behaviour. Similarly, in the OECD Survey (Atkinson and Messy, 2012), financial literacy is a combination of all three elements and it would only be relevant if they were measured in fusion. A study conducted to study the impact of financial literacy on entrepreneurial intention of students concluded that financial knowledge would have no impact on entrepreneurship if it were not converted to behaviour or attitude (Ergun et al., 2018). This suggests that in tackling financial literacy as a means to ignite youth entrepreneurship intention, it is optimal that financial literacy is assessed from the three elements.

The three dimensions of financial literacy can also be assessed in analyzing its effects on youths' personal financial management. This is since personal financial management which comprises of savings, investment, money attitude and wealth accumulation may be elevated by a higher level of financial literacy, as this study claims. For instance, saving behaviour is more likely to occur when students have







sound financial literacy (Kassim et al., 2020). In Malaysia, a study revealed that financial literacy has a role in enhancing positive behaviour towards saving (Mahdzan & Tabiani, 2013). The reason for this may be that individuals are more exposed to higher knowledge of finances and financial awareness that led them to develop saving behaviour, and as mentioned by Mahdzan and Tabiani (2013), individuals with higher financial education tend to save more frequently.

On the other hand, investments can also be associated with financial literacy. Beckman (2013) showed positive and significant relations between financial literacy of both savings and investments. In some cases, investments can also contribute to savings, individuals who are financially literate, are more likely to save using interest-bearing saving instruments (Beckman, 2013). Other than that, financial literacy also plays a role in influencing investment decisions (Adil et al., 2022), as well as developing investment intention (Sivaramakrishnan et al., 2017). Financial literacy also has a significance in portfolio diversification, where higher levels of financial literacy can help investors garner greater number of assets in their portfolio (Mouna and Jarboui, 2015).

Further, links were indicated between money attitude and being financially literate (Albeerdy and Gharleghi, 2015). The association between the two expressed that money attitude would have an impact on the level of financial literacy. This is explained by Albeerdy and Gharleghi (2015) that one's attitude towards their money is capable of shaping their financial knowledge, meaning that how one perceives their money can impact their level of financial literacy. An implication of the same result was found where positive attitude towards money encourages individuals to seek





money management knowledge (Kim, 2003). On the contrary, this study aims to investigate the relationship mentioned above inversely, which is to see the impact that financial literacy has on one's money attitude. Nevertheless, money attitude and financial literacy may still be correlated with each other, one way or another.

The last element of personal financial management, wealth accumulation, has also been linked to financial literacy in past studies. Consensus between Behrman et al. (2012) and Van Rooij et al. (2012) was found where both scholars posited that individuals with higher financial knowledge have more accumulated wealth. Simultaneously, it was found that financial literacy improved financial decisions, including decisions regarding wealth accumulation, and in addition, increment in net worth was the outcome of financial knowledge (Janspori, 2021). Financial literacy was also proven to be more effective in accumulating wealth, rather than education attainment (Behrman et al., 2010).

Other than that, personal financial management may also mediate the relationship between financial literacy and the development of Accounting undergraduates' entrepreneurship intention. The mediation effect of personal financial management in this study assumes that when the youth are capable of managing their personal finances through a sound financial literacy, they may also be ready to manage the finances of a business. As a result, they may be more committed to becoming entrepreneurs. Suparno and Saptono (2018) asserted that entrepreneurs need to be financially literate and use their financial knowledge in managing the finances of their business which includes budget management, credit management and financial risk management. This suggests that entrepreneurs not only need to be



financially literate, but also have the knowledge to manage finances. Therefore, the development of entrepreneurship intention can be stronger when the individuals have a sound financial literacy and are capable of managing their personal finances.

Essentially, the conceptual framework above demonstrates a rough idea of how independent variables may have a significant relationship with entrepreneurial intentions of individuals. Additionally, the mediation effect of personal financial management may also contribute to youths' entrepreneurship intention. Development of the framework will not only provide guidance throughout the completion of this research, but it will also provide empirical findings for the impact of financial literacy, digital skills and personality traits in igniting entrepreneurship spirit.

## **1.7 Operational Definition**

### **1.7.1 Financial Literacy**

Financial literacy has been synonymous to financial knowledge and financial education in the past where these terms would be used interchangeably by scholars to define financial literacy (Al-Tamimi & Bin Kalli, 2009; Howlett et al., 2008; and Yoong et al., 2012). However, conceptually they are unlike since financial literacy is much broader than financial knowledge. OECD/INFE combines awareness, knowledge, skills, attitude, and behaviour in their definition of financial literacy that leads to making sound financial decision and eventually achieve financial wellbeing.



The definition has been used to capture the meaning of financial literacy since its first pilot survey in 2010 and up until recently in 2020 where the definition remains the same. From the aforementioned definition, three elements of financial literacy can be revealed which are financial knowledge, financial attitude, and financial behaviour. In this study, financial literacy refers to accounting undergraduates' financial knowledge, financial attitude and financial behaviour towards financial concepts and risks that can allow them to make effective financial decisions whether personal or related to entrepreneurship.

#### **1.7.1.1 Financial Knowledge**

Financial knowledge measures one's ability to comprehend financial calculations, particularly the implications as an outcome of inflation, interest rates as well as the risk and return on financial securities (Kadoya and Khan, 2020). Accordingly, financial knowledge emerges into skills that will moderate the financial behaviour and attitude of an individual. In 2016, OECD describes financial knowledge as having "...basic knowledge of financial concepts, and the ability to apply numeracy skills in a financial context..." which drives individuals to manage their financial matters and react to affairs that may affect their financial well-being. The context of this study replicates the definitions above where the financial knowledge of accounting undergraduates refers to their grasp on basic financial concepts and numeracy skills stated above, including elements such as savings, investments, wealth accumulation and money attitude.



### 1.7.1.2 Financial Attitude

Rai et al. (2019) defines financial attitude as an individual's inclination towards financial matters. In a similar manner, Kadoya and Khan (2020) states that financial attitude measures one's outlook regarding financial issues. In this study, financial attitude refers to the attitude accounting undergraduates show towards financial matters, be it personal financial matters (savings, investments, attitude towards money and wealth accumulation) or financial matters regarding businesses and entrepreneurship.

### 1.7.1.3 Financial Behaviour

Financial behaviour measures the way individuals act in financial transactions, whether they effectively utilize their financial knowledge to make financial decisions or otherwise (Kadoya & Khan, 2020). Atkinson and Messy (2012) considers financial behaviour to be the most important element of financial literacy since "The positive outcome from being financially literate are driven by behaviour...". For instance, when an individual shows a positive behaviour such as making appropriate financial planning, their level of financial literacy will be enhanced, and otherwise. This means that financially literate individuals have a positive financial behaviour and financially illiterate individuals are prone to negative financial behaviour. In the context of this study, financial behaviour will be referring to accounting undergraduates' financial behaviour towards their personal financial management (savings, investment, money



attitude and wealth accumulation) and whether they show a positive or negative behavior regarding the financial management elements.

### **1.7.2 Personal Financial Management**

Personal financial management refers to the way in which individuals decide to handle and manage routine activities related to financial matters (Meghana et al., 2020). Personal financial matters can cover aspects such as savings, investments, accumulating wealth since individuals are capable of managing and deciding on these activities. Similarly, in this study, personal financial management refers to the way accounting undergraduates manage and make decisions on their personal financial matters such as their savings, investments, their attitude towards money and how they accumulate wealth.

### **1.7.3 Digital Skills**

Digital skills can be defined technically where skills are needed to operate technologies as well as cognitively where skills are needed to process information online (Khan et al., 2021). On a similar note, digital skills can also be termed as digital literacy. Digital literacy is defined as a broad term that covers three aspects which are technical digital skills, cognitive digital skills and socio-emotional digital skills in the perspective of digital technology learning (Ng, 2012). Ng also suggests that digital literacy develops with achieved skills and additional knowledge. In the





existing study, digital skills and digital literacy are synonymous and refers to accounting undergraduates' digital skills that are measured in three perspectives: technical, cognitive, and socio-emotional digital skills.

### **1.7.4 Personality Traits**

Every individual has their own stable set of psychological attributes which are called personality traits, that differentiate one individual from another (Griffin, 2005). Different sets of personality traits in individuals bring about various kinds of responses across various situations (Rauch and Freese, 2007). Similarly, in making career choices, individuals with different sets of personality traits will opt for different careers. In the context of entrepreneurship, Gartner (1988) posited that entrepreneurs have their own specific set of personality traits. Personality traits that have been most defining to develop intention towards entrepreneurship entry are the five dimensions in Big Five personality model.

Openness to experience is described as the willingness for individuals to try out new ideas, beliefs, and concepts (Zhao and Seibert, 2006; Ariani 2013). Conscientiousness shows one's hard work and diligence in fulfilling their responsibilities and duties. Extraversion refers to the ability one can show towards building social relations, being outgoing and energetic (Sahin et al., 2019). Agreeableness is about being cooperative and preferring positive interpersonal relationships (Zhao and Seibert, 2006). Lastly, neuroticism represents emotional stability and volatility. In this study, personality traits will be referring to the stable set





of psychological attributes that can allow accounting undergraduates to respond to entrepreneurship as a career option positively, the personality traits being based on the dimensions of the Big Five Model.

### **1.7.5 Entrepreneurship Spirit**

Entrepreneurship spirit and entrepreneurship intention are alike in the sense that both terms drive individuals to be internally inclined towards venture creation. Entrepreneurial intention refers to a mental orientation that has an influence to drive individuals to entrepreneurship entry through desire, wish and hope (Peng et al., 2013). Meanwhile, the word spirit was described as human activation, passion, and enthusiasm (Nandram et al., 2006); in which if defined together with entrepreneurship can mean internal activation, passion, and enthusiasm towards venture creation. Both the definitions of intention and spirit demonstrate strong internal force that can push individuals to decide on an act or behaviour. Similar to the above stated, entrepreneurship spirit and entrepreneurship intention mentioned in this study is synonymous and used interchangeably. The two terms refers to accounting undergraduates' inclination towards developing the desire to dive into venture creation.





## 1.8 Significance of Research

As the rate of graduate unemployment increases due to limited job vacancy and the aftereffects of Covid-19, the youth will be bound to face struggles in getting a stable job in the future. The rate, however, can be reduced by encouraging the youth to start their own venture creation. Nevertheless, the youth may have trouble developing entrepreneurial intent at a young age, which may be caused by their illiteracy in finances, insufficiency of digital skills and not having the right personality traits to dive into entrepreneurship.

This research is conducted to affirm the relation of these three constructs with entrepreneurship spirit to inspire the youth to enter the world of entrepreneurship, which can neutralize and resolve existing problems for the youth itself as well as the community and the country. Findings from this research is expected to reduce unemployment rate of youth through means of education, that will prepare the youth as well as increase their confidence in becoming an entrepreneur. Being more inclined towards starting an entrepreneurship can also reduce youth dependency on existing jobs that are offered in the market, especially since the ones offered to entry level fresh graduates are very limited.

This study replicates the way past scholars have measured financial literacy, which can therefore provide valid results in terms of measuring youth financial literacy. It is also expected that through the construct of financial literacy, the policymakers in the industry will be able to use empirical results from this study to improve the level of financial literacy of youth in the country. Not only that, but the



education system surrounding the financial aspect can also be refined through the outcome of this study. In the context of individuals, being financially advanced can serve as a solid foundation in personal financial management which has the probability to reduce debt liability of each individual, including shaping financial behaviour that will enhance their life in the future.

Furthermore, this study extends the use of the Digital Literacy framework by Ng (2012) by applying the dimensions of the framework to accounting undergraduates, which can add imperative reference to scholars and parties that may find it useful. Other than that, the findings of this study are also expected to list underlying digital skills that are required to develop intentions to dive into entrepreneurship. The Ministry of Higher Education may anticipate benefitting from this study by incorporating additional digital elements into the education syllabus that can prepare the youth to adapt to emerging and advancing technologies in the future. Additionally, as a result from this study, critical online thinking skills can be developed through education, which can reduce the rate of online scams in the country.

As for personality traits, this study duplicates the Big Five Model where it is tested against promoting entrepreneurial intent and extends it in the perspective of accounting undergraduates. Along with this, the empirical findings are expected to contribute to existing literature and further affirm the findings of past scholars. Other than that, related parties can make use of the results from this research to make changes and improvements in the current system to shape young personalities that are emotionally and intelligently resilient to partake in entrepreneurial activities.





The results of this research may also contribute to universities and faculties in the sense that, these parties may take the initiative to make changes in the current syllabus as well as conduct seminars, workshops and provide opportunities for students to partake in and develop confidence in the world of entrepreneurship. As universities have the platform to provide ultimate and complete exposure to entrepreneurship, it is crucial that they constantly keep abreast of empirical results that can drive the youth to become more entrepreneurially inclined. The significance of this study to both universities and faculties may assist them in bringing forward new and effective approaches to get their students to take up entrepreneurship as a career.

Supplemental to that, students may also benefit from this research. The findings from this study may encourage growth in the three aspects that is being studied in this research. Firstly, in terms of financial literacy, the students may develop a higher level of financial literacy and hence become wise in their personal management through education changes that is made by policymakers, resource persons and related ministries. From the perspective of digital skills, among other things, this research may accommodate the digital skills that best meet the skills that are needed for entrepreneurship participation as well as the digital skills that are required in the 21<sup>st</sup> century. Students can benefit from being digitally literate and become an entrepreneur that is innovate by using their digital skillset that they possess. Finally, this research may contribute to shaping young personalities that are confident and more inclined to become young entrepreneurs.





In essence, it is imperative that this study takes place so to increase entrepreneurship participation of youth in the near future. Not only will it be beneficial to the economy of the country, but it will also be able to enhance the quality of life for youth.

### **1.9 Scope and Limitation of Research**

The scope of this research only extends as far as the literature review suggests to the best of the author's knowledge. This means that the study is limited to what the author believes to be the best fit for the context of this research and therefore does not cover all existing articles and journals that have association with the constructs of this study. Hence, the outcome of this result shall be viewed with some constraints in mind. First and foremost, this study only focuses on igniting entrepreneurial intent through three constructs, nevertheless it is to be taken into consideration that not all intentions developed are likely to be taken into action. Therefore, it is certainly not encouraged to generalize that all developed intentions towards venture creation will be acted upon by the youth. Next, since the author specifically targets accounting undergraduates as the respondents, it is not likely that the result can be deduced across all youth with different backgrounds, especially across a broader age range. In addition, human personalities may go beyond the dimensions of the Big Five Model used in this study, nevertheless, no additional traits are tested since the five dimensions suffice for the context of this study. Last but not least, the current study collects data through questionnaire that entirely incorporates scaled questions, therefore respondents' answers will be limited to the options available in the scale. In





consequence, the study extends as far as the scope suggests and is not excluded from having any limitations, therefore careful considerations should be made when comprehending the results of this research.

### **1.10 Summary of Chapter**

In summation, this chapter outlines a clear idea of this study including a brief insight into the relations that financial literacy, digital skills, and personality traits have towards igniting youth entrepreneurship spirit, including the mediating effects of personal financial management. The research background, lays out the foundation of the three constructs, including topics relating to the dependent and independent variables. Going more in depth, the problem statement section in this chapter, reasons out why the research is significant to multiple parties and hence, provides clear guidance and direction to the author in formulating the research objectives, questions, and hypothesis. This chapter also emphasizes that this study is subject to a few limitations and inquire the readers to comprehend the findings laid out in the coming chapters with much consideration. Overall, this chapter will prepare the readers to better understand the context of this research. The next chapter elaborates the review of literatures and theories taken as reference to construct and build this research.

