

The Future of Gen Z Entrepreneurship: Do Network Connections Mediate Digital Competence and Creative Self-Efficacy toward Readiness?

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Abstract.

This study examines the role of network connections in mediating the relationship between digital competence, creative self-efficacy, and entrepreneurial readiness among Generation Z. As digital transformation continues to reshape the entrepreneurial ecosystem, understanding the factors that influence Gen Z's readiness to engage in entrepreneurship becomes increasingly important. This research employs a quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the direct and indirect relationships among the proposed variables. Data were collected from 84 Gen Z respondents who are active students at the Faculty of Economics and Business, University of Jember. The findings indicate that digital competence does not have a direct significant effect on entrepreneurial readiness, but does have a significant effect through network connections as a mediator. Conversely, creative self-efficacy has a direct significant effect on entrepreneurial readiness and also indirectly through network connections. Network connections emerged as the most dominant predictor of entrepreneurial readiness and served as a full mediator for digital competence and a partial mediator for creative self-efficacy. These findings underscore that for Generation Z, digital competence must be channeled through strategic networking to effectively transform individual potential into tangible entrepreneurial preparedness, while creative self-efficacy can directly drive readiness. This study contributes to the entrepreneurship literature by offering insights into how internal competencies and social capital interact to shape the future of Gen Z entrepreneurship.

Keywords: Gen Z entrepreneurship, digital competence, creative self-efficacy, network connections, entrepreneurial readiness

I. Introduction

Indonesia is currently in the midst of a strategic demographic dividend period, during which the working-age population dominates the national demographic structure. Generation Z (those born between 1997 and 2012) constitutes the largest group within this demographic, and since 2017 has begun entering the labor market in large numbers (Sulistiyorini et al., 2024). As a generation that grew up with digital technology, Gen Z possesses unique characteristics: they are more adaptable to technological changes, oriented toward career freedom and autonomy, and have far more intensive exposure to digital platforms compared to previous generations (Pazer, 2024; Dwidienawati & Gandasari, 2018).

However, the reality on the ground reveals a stark contradiction. Data from the Central Statistics Agency (BPS), cited by Hasan et al. (2024), shows that Indonesia's open unemployment rate as of August 2023 stood at 5.32 percent, with Gen Z accounting for the largest share of the national unemployment figure. Furthermore, Indonesia's current entrepreneurship rate stands at only 3.47 percent of the total population, still far below the ideal minimum threshold of 4 percent required to drive a nation's economic well-being (Hasan et al., 2024). This situation indicates that while Gen Z possesses significant potential, their ability to transform that potential into tangible entrepreneurial capacity remains severely limited. A study conducted by Sulistiyorini et al. (2024) in Indonesia found that Gen Z members who are just entering or about to enter the workforce place great hope in flexibility, autonomy, and opportunities for growth (aspirations that align closely with the entrepreneurial path) yet these are often not accompanied by adequate preparedness.

This phenomenon reflects a fundamental gap between the aspirations and entrepreneurial readiness of Gen Z in Indonesia. Entrepreneurial readiness is not merely about having the intention to start a business, but encompasses the actual capacity to identify opportunities, plan, and implement a business (Adeniyi, 2023). A number of factors determining this readiness have been extensively studied, such as entrepreneurship education (Hasan et al., 2024), digital competencies (Wibowo et al., 2025; Bachmann et al., 2024), and self-efficacy (Wang et al., 2021; Ferreira-Neto et al., 2023). However, how these factors interact with one another and through what mechanisms they influence Gen Z's entrepreneurial readiness, particularly in Indonesia, remains not fully understood.

Based on this phenomenon, the main question that arises is: what factors determine entrepreneurial readiness among Generation Z? Various previous studies have sought to answer this question by considering a range of perspectives. Social Cognitive Theory (SCT), developed by Bandura (1986, 1997), is the most relevant theoretical framework for understanding this phenomenon. SCT posits that individual behavior, including entrepreneurial behavior, is the result of an interaction between personal factors (cognitive and affective), the environment, and the behavior itself. SCT offers an appropriate perspective for understanding the differences among Generation Z, who have grown up in a digital environment.

Drawing on the SCT framework, this study identifies three key factors believed to contribute to Gen Z's entrepreneurial readiness. The first factor is digital competence, the ability to use technology confidently, critically, and responsibly for business purposes and economic participation (European Commission, 2019, in Bachmann et al., 2024). Bachmann et al. (2024) found that digital competence does not have a direct effect on entrepreneurial intent, while Wibowo et al. (2025), in the context of Indonesian vocational students, confirmed a similar finding: the effect of digital competence only emerges when mediated by certain psychological factors. This means that digital competence alone is not enough and that there are other elements acting as mediators. The second factor is creative self-efficacy, which refers to an individual's belief in their ability to generate creative ideas and innovative solutions (Tierney & Farmer, 2002). In the context of entrepreneurship, this creative self-efficacy is not merely about art or aesthetics, but rather about the courage to create something new amid market uncertainty. Individuals with low creative self-efficacy tend to avoid creative risks, give up more quickly when facing failure, and are less capable of generating the innovative solutions that are at the core of entrepreneurship (Bandura, 1997; Li et al., 2025). The third factor is network connections, which refers to the quality and breadth of an individual's interpersonal and professional relationships within the social and business ecosystem (Coleman, 1988). No matter how strong one's digital competencies or how creative they may be, without access to the right network, whether mentors, partners, investors, or entrepreneurial communities, the readiness to actually start a business will remain hindered (Wasim et al., 2024). Networks serve as a bridge between individual capabilities and actual entrepreneurial action: they provide information on opportunities, resource support, and social legitimacy that cannot be obtained independently (Ge et al., 2025; Zhang et al., 2022). Especially for Gen Z, whose social interactions largely take place in digital spaces, networks formed through online platforms are becoming increasingly crucial as the infrastructure of their entrepreneurship.

A number of previous studies have examined the relationships among the variables in this study, but the results have yielded significant mixed findings. Regarding

digital competence, Bachmann et al. (2024) demonstrated that digital competence does not directly influence entrepreneurial intention but only through the mediation of individual entrepreneurial orientation and entrepreneurial self-efficacy. Conversely, Singh et al. (2024) found that digital entrepreneurship training directly enhances entrepreneurial competence, which in turn drives entrepreneurial intention. In Indonesia, Wibowo et al. (2025) confirmed that digital competence does not directly influence vocational students' entrepreneurial intentions but rather through the mediation of an entrepreneurial mindset. These differing findings indicate that the influence of digital competence on entrepreneurial readiness depends on specific mediating mechanisms that have not yet been fully identified.

Regarding creative self-efficacy, Li et al. (2025) demonstrated its role as a mediator between entrepreneurship education and the generation of new venture ideas. Hutasuhut et al. (2023) found a positive influence of creative learning models on the self-efficacy and entrepreneurial intentions of Indonesian students. However, Wang et al. (2021) found that the relationship between creativity and entrepreneurial intention is not always confirmed without mediation by entrepreneurial self-efficacy, a finding that reinforces the argument for the need for a more in-depth study of the role of creative self-efficacy in the path toward entrepreneurial readiness, not merely intention. Regarding network connections, Zhang et al. (2022) and Ge et al. (2025) demonstrated the mediating role of networks in the context of entrepreneurial intention; however, no studies have yet examined whether networks also mediate the relationship between digital competence or creative self-efficacy and entrepreneurial readiness specifically.

Three critical research gaps have been identified. First, no study has yet comprehensively examined the influence of digital competence and creative self-efficacy on entrepreneurial readiness, rather than merely intention, within a single research model. Most previous studies have focused on the cognitive aspect of entrepreneurial intention, while readiness, which encompasses the dimension of actual action—has received less attention. Second, the role of social networks as a mediator between digital competence and creative self-efficacy on entrepreneurial readiness has never been empirically tested within a single structural model. Previous studies have examined these variables separately or in different combinations. Third, research that specifically integrates these four constructs within the context of Gen Z in Indonesia (a developing country characterized by demographic dividend dynamics, a digital skills gap, and high youth unemployment) is not yet available in the existing literature.

This research is urgently needed for three reasons. Theoretically, this study expands the application of SCT in the field of digital entrepreneurship by testing network connections as a mediating mechanism that bridges individuals' digital and creative capabilities with entrepreneurial readiness, a model that has not been tested before. Practically, these findings can provide evidence-based guidance for educators and higher education institutions in Indonesia in designing entrepreneurship curricula that not only strengthen digital competencies and creativity but also actively facilitate network building as a bridge toward real-world entrepreneurial readiness for Gen Z. Therefore, this study aims to fill this gap while providing meaningful theoretical and practical contributions to the development of entrepreneurship among Indonesia's youth.

II. Literature Review

A. Digital Competence

Digital competence didefinisikan sebagai kemampuan individu dalam

memanfaatkan teknologi digital secara kritis, percaya diri, dan kreatif (Vuorikari et al., 2022). Melalui kerangka DigComp 2.2, kompetensi ini mencakup lima area utama, yaitu literasi informasi dan data, komunikasi dan kolaborasi, kreasi konten digital, keamanan, serta pemecahan masalah berbasis digital (Vuorikari et al., 2022; Bacigalupo et al., 2016). Dalam konteks kewirausahaan, Ajzen (1991) melalui *Theory of Planned Behavior* menjelaskan bahwa keyakinan individu atas kemampuan yang dimiliki, atau *perceived behavioral control*, merupakan penentu utama perilaku, termasuk keputusan berwirausaha. Kompetensi digital secara langsung memperkuat keyakinan tersebut, karena individu yang menguasai teknologi cenderung merasa lebih siap dan mampu dalam menjalankan aktivitas wirausaha di ekosistem digital (Falloon, 2020; Becker, 1964). Hal ini sejalan dengan temuan empiris di Indonesia dan Asia Tenggara yang menunjukkan bahwa kompetensi digital berpengaruh positif terhadap intensi dan performa wirausaha, khususnya di kalangan anak muda Generasi Z yang tumbuh sebagai *digital native* (Sariwulan et al., 2020; Rahayu & Day, 2015; Dolot, 2018; Dimock, 2019). Sánchez-García et al. (2021) lebih lanjut membuktikan bahwa semakin tinggi kompetensi digital seseorang, semakin besar pula *self-efficacy* kewirausahaan yang terbentuk.

B. Creative Self-Efficacy

Creative Self-Efficacy (CSE) is an individual's belief in their ability to generate creative ideas or outcomes (Tierney & Farmer, 2002). This concept is an extension of Bandura's (1997) self-efficacy theory, which states that self-belief influences the goals an individual seeks to achieve as well as the amount of effort they exert. In this theory, Bandura also explains that self-efficacy is formed through four main sources: mastery experiences, vicarious experiences, social support (verbal persuasion), and an individual's emotional and physiological states. In the context of creativity, this concept is interpreted as a belief in one's ability to think and act creatively.

Tierney and Farmer (2002) were the first to formally conceptualize CSE as a domain-specific construct distinct from general self-efficacy, arguing that creative tasks require a unique form of self-belief that goes beyond mere task competence. Individuals with high CSE tend to set more ambitious creative goals, invest greater cognitive effort in idea generation, and demonstrate higher persistence when facing creative obstacles or failures (Tierney & Farmer, 2002; Bandura, 1997). This is particularly relevant in entrepreneurial contexts, where the ability to continuously generate novel ideas and adapt creatively to uncertainty is not a peripheral skill but a core competency (Li et al., 2025).

C. Network Connection

Network connections refer to the relationships that individuals maintain with various parties within their social and business environments. Broadly, networking encompasses social, professional, and business ties that facilitate collaboration, knowledge exchange, and access to opportunities (Elfring et al., 2021). This concept is grounded in the *Social Capital Theory* developed by James Coleman (1988), which posits that social capital is a resource embedded in relationships among individuals that can facilitate action. Mark Granovetter (1985) further explains that economic actions are not isolated but are embedded within the network of social relationships individuals possess.

Recent studies indicate that network connections play a crucial role in

shaping entrepreneurial readiness. Without relationships with various stakeholders, individuals may struggle to access resources that support their social and financial development (Wasim et al., 2024). Research by Riaz et al. (2024) also demonstrates that social networks have a significant impact on entrepreneurial success. Additionally, Hassan et al. (2022) found that entrepreneurial social networks act as a mediator between individual factors and students' entrepreneurial intentions, meaning that social relationships can strengthen the influence of individual characteristics on the desire to engage in entrepreneurship. In line with this, Wang et al. (2019) show that the broader and more intensive an individual's network, the greater their ability to identify business opportunities, which ultimately enhances entrepreneurial intention.

D. Entrepreneurship Readiness

Entrepreneurial readiness is an individual's ability to identify, evaluate, and act on business opportunities, extending beyond mere entrepreneurial intention or interest. It reflects a comprehensive condition encompassing motivation, knowledge, competencies, personality characteristics, and the availability of institutional and socio-cultural support (Ardichvili et al., 2003; Kirkwood, 2009; Costa Jr. & McCrae, 1992; Panakaje et al., 2026).

The concept of entrepreneurial readiness can be explained through the Theory of Planned Behaviour (TPB), which views entrepreneurial readiness as a transition from cognitive intention to practical preparation for entrepreneurial action. According to Ajzen (1991, cited in Duan, 2022), entrepreneurial readiness is influenced by three main factors: attitude toward behaviour, subjective norms, and perceived behavioural control. A positive attitude toward entrepreneurship can increase an individual's willingness to engage in entrepreneurship; subjective norms reflect the influence of social support from family, peers, and role models, while perceived behavioural control indicates an individual's confidence in their abilities, knowledge, and skills to start and manage a business. Thus, TPB serves as a relevant theoretical foundation for explaining how cognitive, social, and behavioural factors collectively shape entrepreneurial readiness.

Duan (2022), through the development of an extended TPB model, asserts that entrepreneurial readiness, particularly among Gen Z, is also influenced by situational factors such as educational experiences, social responsibility, and career development, which strengthen individuals' readiness for entrepreneurship. This is reinforced by Soelaiman et al. (2023), who demonstrate that entrepreneurial readiness among Gen Z is significantly influenced by attitudes toward entrepreneurship and perceived behavioural control, and is further strengthened through entrepreneurship education that shapes perceptions, boosts self-confidence, and encourages readiness to start a business. Overall, a combination of positive attitudes, social support, perceived behavioural control, educational support and situational factors plays a role in increasing entrepreneurial intention while encouraging the transition toward actual entrepreneurial behaviour.

E. The Effect of Digital Competence on Entrepreneur Readiness

Digital competence is one of the key factors influencing entrepreneurial readiness. Individuals with strong digital skills are more capable of identifying opportunities, utilizing various technologies, and dealing with the complexities of the business environment (Bachmann et al., 2024). Therefore:

H1: Digital competence has a positive and significant effect on entrepreneurial readiness.

F. The Effect of Creative Self Efficacy on Entrepreneurial Readiness

Starting from individuals' belief in their ability to think and act creatively, *creative self-efficacy* (CSE) encourages their readiness to engage in entrepreneurship. Research by Wang et al. (2021) found that higher CSE enhances an individual's ability to identify unconventional business opportunities and develop innovative solutions. Ferreira-Neto et al. (2023) also emphasize that CSE directly contributes to entrepreneurial readiness, particularly in strategic planning and decision-making under resource constraints. Therefore, the higher an individual's creative self-efficacy, the stronger their entrepreneurial readiness. Based on this argument, the following hypothesis is proposed:

H2: Creative self-efficacy has a positive effect on entrepreneurial readiness.

G. The Effect of Digital Competence on Network Connection

Individuals' digital competence directly contributes to their ability to build and expand professional networks in the digital era. Through interactions via various digital technologies, students develop practical skills in digital communication, data management, and network-based collaboration, which are essential competencies in today's digital labor market (Meirbekov et al., 2022; Kopackova et al., 2024). In addition, online social capital has been shown to be a key determinant of success for digital entrepreneurs, where individuals' digital behaviors influence their ability to acquire social capital and establish online network connections. Digital platform capabilities enable entrepreneurs to enhance communication with external partners and to acquire and organize information more effectively from their business counterparts (Cenamor et al., 2019). The ability to adapt and function within digital communication networks is fundamental for both personal and professional success, as strong digital competence directly strengthens collaboration capacity and the exchange of ideas within networks (González-Calatayud et al., 2022). These findings indicate that the higher an individual's digital competence, the greater their ability to build meaningful and productive network connections. Based on this theoretical foundation, the following hypothesis is proposed:

H3 : Digital Competence berpengaruh positif terhadap Network Connection.

H. The Effect of Creative Self-Efficacy on Network Connection

Individuals' ability to generate creative ideas and innovative solutions is a key aspect of their development (Tao et al., 2024). Individuals with high *creative self-efficacy* demonstrate a significant relationship with social skills, where strong creative confidence enhances one's ability to build broader interactions and relationships (González Moreno et al., 2024). Furthermore, motivation and self-belief are key antecedents of networking behavior, which in turn directly influence individuals' ability to expand their professional connections (Singh & Basri, 2024). Therefore:

H4: Creative self-efficacy has a positive effect on network connection.

I. The Effect of Network Connection on Entrepreneur Readiness Based on the Social Capital Theory proposed by James Coleman (1988), network connections provide access to information, mentoring, and collaboration opportunities that are essential for entrepreneurial readiness (Wasim et al., 2024). The study by Luo et al. (2022) confirms that the quality of network connections strengthens individuals' readiness to start and manage a business. Based on this argument, the following

hypothesis is proposed:
H5: Network connection has a positive effect on entrepreneurial readiness.

J. Network connection mediates the relationship between digital competence and entrepreneurial readiness.

Digital competence is a key factor in enhancing individuals' ability to identify and utilize business opportunities (*entrepreneurial alertness*) (Martono et al., 2024). Through this competence, individuals are able to build relevant *network connections* within the entrepreneurial ecosystem. These networks then evolve into *social capital*, which includes trust, norms, and mutually beneficial relationships (Hong & Kai, 2026). This social capital facilitates access to essential resources such as information, funding, and mentorship. Ultimately, the presence of social capital strengthens individuals' readiness to make decisions and engage in entrepreneurship. Based on this argument, the following hypothesis is proposed:

H6 : Network connection mediates the relationship between digital competence and entrepreneurial readiness.

K. Network connection mediates the relationship between creative self-efficacy and entrepreneurial readiness

High *creative self-efficacy* functions as a cognitive capability that enables individuals to develop ideas flexibly and leverage relevant social networks. These networks act as a mediating mechanism by providing the social resources needed at each stage of idea development, such as information from weak ties and emotional support from strong ties (Perry-Smith & Mannucci, 2017). This support helps individuals cope with uncertainty in the idea development process. Through the utilization of social connections, creative confidence can be transformed into entrepreneurial readiness. Ultimately, social networks provide the legitimacy, influence, and shared vision necessary to turn ideas into actual business ventures (Purwianti et al., 2025; Adeniyi, 2023).

H7: Network connection mediates the relationship between creative self-efficacy and entrepreneurial readiness.

III. Research Method

A. Research Type

This research employs a quantitative approach with an explanatory research design, aimed at examining the causal relationships between independent variables, namely digital competence (X1) and creative self-efficacy (X2), on entrepreneurial readiness (Y), with network connection (Z) acting as a mediating variable. This approach is used to analyze both direct and indirect effects among variables within the proposed research model. The study uses primary data collected directly from respondents via the distribution of closed-ended questionnaires on a Likert scale. The respondents consist of undergraduate students from the Faculty of Economics and Business who meet specific criteria relevant to the research objectives. Primary data were selected as they provide an accurate representation of respondents' perceptions, experiences, and attitudes toward digital competence, creative self-efficacy, network connection, and entrepreneurial readiness. Each questionnaire statement was carefully designed to capture behavioral tendencies and individual capabilities related to entrepreneurial readiness. The use of a Likert scale enables standardized measurement of respondents' level of agreement, thereby facilitating statistical analysis and hypothesis testing. Furthermore, selecting university

students as respondents ensures that the findings reflect the readiness of potential young entrepreneurs in the early stages of their career development. This targeted sampling approach enhances the study's relevance for understanding factors influencing entrepreneurial readiness in the context of higher education.

B. Population and Sample

The population in this study comprises students at the University of Jember who belong to Generation Z (born between 1997 and 2012). Given that the total population is relatively large and not precisely known, this study employs purposive sampling as the sampling technique. Purposive sampling was selected because the researcher intentionally defines specific criteria to ensure that the selected respondents are relevant to the research objectives, namely active students of the Faculty of Economics and Business (FEB), University of Jember, who were born between 1997 and 2012. Based on these criteria, a total of 84 respondents were obtained and used as the sample in this study. The adequacy of this sample size is supported by the characteristics of Partial Least Squares Structural Equation Modeling (PLS-SEM), which is suitable for studies with relatively small sample sizes and complex models. Although recent methodological studies recommend larger sample sizes for improved statistical power, the sample size in this study is considered sufficient for exploratory and predictive analysis using SmartPLS.

C. Data Collection Techniques and Variable Measurement

This study employs a quantitative approach, with data collected through a structured questionnaire using a 5-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire was distributed to Generation Z respondents who have an interest in entrepreneurship. The use of a Likert scale is considered effective for systematically measuring individual perceptions and attitudes in SEM-based research (Hair et al., 2021). Each variable was measured using indicators adapted from relevant and recent prior studies. The *Digital Competence* variable measures individuals' ability to effectively utilize digital technologies, including digital literacy, information processing, and technology-based problem solving (van Laar et al., 2020). The *Creative Self-Efficacy* variable assesses individuals' belief in their ability to generate creative and innovative ideas, reflected in their confidence to think creatively and produce novel solutions (Haase et al., 2023). The *Network Connection* variable, as a mediating variable, represents individuals' ability to build and leverage social and professional networks to obtain information, resources, and opportunities in entrepreneurial activities (Peng et al., 2022). Meanwhile, the dependent variable, *Entrepreneurial Readiness*, is defined as the level of individuals' preparedness to engage in entrepreneurial activities, encompassing mental readiness, skills, and the ability to identify opportunities and manage business risks (Nabi et al., 2017; Wardana et al., 2020).

D. Data Analysis Technique

Data analysis in this study employed the *Partial Least Squares Structural Equation Modeling* (PLS-SEM) approach using SmartPLS. This method was chosen because it is capable of analyzing complex models and is prediction-oriented without requiring normally distributed data (Hair et al., 2019). The analysis was conducted in two stages: evaluation of the measurement model and the structural model. In the measurement model, convergent validity was assessed

through outer loadings ≥ 0.70 and AVE ≥ 0.50 , while discriminant validity was evaluated using HTMT < 0.90 . Construct reliability was measured using Composite Reliability and Cronbach's Alpha with values ≥ 0.70 (Hair et al., 2019).

In the context of exploratory research, indicators with outer loadings between 0.40 and 0.70 may still be retained, provided they do not significantly reduce AVE and Composite Reliability values (Hair et al., 2021). Therefore, this study accommodates exploratory characteristics by considering indicators with loadings below 0.70 but still within the recommended tolerance range.

In the structural model, multicollinearity was first assessed using VIF (< 5). The model's explanatory power was then evaluated using R^2 values, with thresholds of 0.75 (substantial), 0.50 (moderate), and 0.25 (weak). Additionally, predictive relevance (Q^2) values greater than 0 indicate that the model has predictive capability, while effect size (f^2) values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively (Hair et al., 2019). Hypothesis testing was conducted using bootstrapping, where relationships between variables are considered significant if the t-statistic exceeds 1.96 at a 95% confidence level. The analysis also includes testing both direct and indirect effects to identify mediation relationships within the model (Hair et al., 2019).

IV. Result & Discussion

A. Result

1. Outer Model (Rho C & AVE)

Table 1. Outer Model

Variable	Composite reliability (rho_a)	Average variance extracted (AVE)
X1	0.730	0.704
X2	0.918	0.691
Z	0.914	0.753
Y	0.942	0.802

Resource: SmartPLS

A Composite Reliability (rho_c) value greater than 0.70 indicates that a construct has good reliability. The analysis results show that all constructs in this study have Composite Reliability values above 0.70, indicating that they are reliable. The Composite Reliability values for *Digital Competence* (0.825), *Creative Self-Efficacy* (0.870), *Network Connection* (0.924), and *Entrepreneurial Readiness* (0.942) demonstrate strong internal consistency. This means that all constructs in the research model are dependable, allowing for proper testing of relationships between variables.

In addition, the *Average Variance Extracted* (AVE) is used to assess convergent validity, which reflects a construct's ability to explain its indicators. The

results show that all constructs have AVE values ≥ 0.50 , thereby meeting the criteria for convergent validity. The AVE values for *Digital Competence* (0.704), *Creative Self-Efficacy* (0.691), *Network Connection* (0.753), and *Entrepreneurial Readiness* (0.804) indicate that the indicators adequately represent their respective constructs. Thus, the research model demonstrates good convergent validity and is suitable for hypothesis testing.

2. Inner model (R Square)

Table 2. Inner Model – R-square

	R-square	R-square adjusted
Y	0.413	0.390
Z	0.324	0.307

Resource: SmartPLS

Table 2 shows that the R^2 values are 0.413 for variable Y and 0.324 for variable Z, indicating that the model explains 41.3% of the variation in Entrepreneurial Readiness and 32.4% of the variation in Network Connection based on the independent variables. This suggests that variables such as digital competence and creative self-efficacy have a moderate influence on both variables. While the Adjusted R^2 values of 0.390 and 0.307 indicate that, after accounting for the number of variables in the model, the explanatory power remains at 39% and 30.7%, respectively, suggesting the model is relatively stable. Overall, this research model is sufficiently effective at explaining the relationships among variables, although there is still room to improve its predictive capability.

3. Inner Model (F Square)

Table 3. Inner Model – f-square

	f^2
X1 -> Y	0,302
X2 -> Y	0,357
X1 -> Z	0,378
X2 -> Z	0,296
Z -> Y	0,391

Resource: SmartPLS

The results of the effect size test (f^2) indicate that Network Connection has the most dominant influence on Entrepreneurship Readiness ($f^2 = 0.391$). Creative Self-Efficacy also exerts a strong direct influence ($f^2 = 0.357$), while Digital Competence has a more moderate influence ($f^2 = 0.302$). On the other hand, Digital Competence plays a significant role in enhancing Network Connection ($f^2 = 0.378$), to a greater extent than Creative Self-Efficacy ($f^2 = 0.296$). These findings suggest that the influence of Digital Competence on entrepreneurial readiness tends to be

indirect, rather than direct, and occurs primarily through Network Connection as the main mechanism in the research model.

4. Direct Effect Hipotesis

Table 4. Direct Effect Hypotesis Testing

	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T statistics	P Value
X1 -> Y	0.155	0.165	0.123	1.261	0.208
X2 -> Y	0.378	0.383	0.114	3.319	0.001
X1 -> Z	0.241	0.241	0.106	2.273	0.023
X2 -> Z	0.296	0.297	0.108	2.736	0.006
Z -> Y	0.391	0.384	0.102	3.821	0.000

Resource: SmartPLS

The results of the direct hypothesis testing indicate that some independent variables have a significant effect on the dependent variable. For H1—the effect of Digital Competence on Entrepreneurial Readiness—the results were not significant, with a p-value of 0.208 (> 0.05). This suggests that Digital Competence does not have a direct effect on Entrepreneurial Readiness; therefore, H1 is not supported. Furthermore, for H2—the effect of Creative Self-Efficacy on Entrepreneurial Readiness—a positive and significant result was obtained with a t-statistic of 2.273 and a p-value of 0.023. Thus, Creative Self-Efficacy was proven to have a direct effect on Entrepreneurial Readiness, so H2 is supported. Regarding H3, which examines the effect of Digital Competence on Network Connection, a positive and significant result was obtained with a t-statistic of 3.319 and a p-value of 0.001. This indicates that Digital Competence plays a role in enhancing Network Connection, thus supporting H3. Furthermore, H4, namely the effect of Creative Self-Efficacy on Network Connection, also showed positive and significant results with a t-statistic of 2.736 and a p-value of 0.006. Thus, H4 is supported, meaning that Creative Self-Efficacy contributes to strengthening Network Connection. For H5—the effect of Network Connection on Entrepreneurial Readiness—the strongest result was obtained, with a t-statistic of 3.821 and a p-value of 0.000. This indicates that Network Connection plays a dominant role in influencing Entrepreneurial Readiness, and therefore H5 is supported.

5. Indirect Effect Hipotesis

Tabel 5. Indirect Effect Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Z -> Y	0.148	0.149	0.062	2.387	0.017
X2 -> Z -> Y	0.116	0.114	0.052	2.246	0.025

Resource: SmartPLS

The results of the indirect effect analysis indicate that all mediation paths in this study are significant. In the relationship between *Digital Competence* and *Entrepreneurial Readiness* mediated by *Network Connection* (H6), the coefficient value is 0.148 with a t-statistic of 2.387 and a p-value of 0.017. This result shows that *Network Connection* acts as a significant mediator in this relationship. In other words, individuals with higher digital competence tend to have better entrepreneurial readiness when supported by strong network connections.

Furthermore, in the relationship between *Creative Self-Efficacy* and *Entrepreneurial Readiness* mediated by *Network Connection* (H7), the coefficient value is 0.116 with a t-statistic of 2.246 and a p-value of 0.025. This finding also indicates that *Network Connection* significantly mediates the relationship. This means that individuals' confidence in their creative abilities can enhance their entrepreneurial readiness, particularly when they are able to effectively leverage their social networks.

B. Discussion

1. The Effect of Digital Competence on Entrepreneur Readiness

The results of the study indicate that Digital Competence does not have a significant effect on Entrepreneurial Readiness (t-statistic = 1.26; p = 0.208). This finding aligns with Martono et al. (2024), who state that digital competence does not have a direct effect on entrepreneurial readiness but operates through mediating variables. This indicates that digital competence has not yet been able to directly enhance entrepreneurial readiness but must first strengthen an individual's network of connections. These findings are also supported by Sutiadiningsih et al. (2025) and Kenang et al. (2025), who emphasize that digital competence is not independent but requires support from other factors, such as psychological and social aspects, to influence entrepreneurial behavior. Thus, the non-significance of H1 indicates that Digital Competence acts as an indirect variable, where its influence on Entrepreneurial Readiness depends on a mediating mechanism.

2. The Effect of Creative Self Efficacy on Entrepreneurial Readiness

The results of the study indicate that Creative Self-Efficacy (CSE) has a positive and significant effect on Entrepreneurial Readiness (p = 0.023). This suggests that individuals who have high confidence in their creative abilities tend to be more prepared to engage in entrepreneurial activities. This finding is supported by Nuryana et al. (2021), who stated that self-efficacy contributes 41.1% to students' entrepreneurial readiness, making it one of the primary predictors compared to other

variables. Furthermore, Kartika et al. (2024) also found that self-efficacy has a very significant influence ($f^2 = 0.553$) and is more dominant than entrepreneurship education or motivation in fostering entrepreneurial readiness among vocational high school students. Thus, Creative Self-Efficacy can be understood as a key psychological factor that plays a crucial role in shaping and enhancing entrepreneurial readiness.

3. The Effect of Digital Competence on Network Connection

The results of the hypothesis test indicate that Digital Competence has a positive and significant effect on Network Connection, with a *t-statistic* of 3.319 and a *p-value* of 0.001, thus supporting the proposed hypothesis. This finding suggests that individuals with higher digital competence tend to have stronger and broader network connections. In the context of Generation Z, digital skills enable individuals to effectively utilize digital platforms for communication, collaboration, and relationship building. This result is in line with recent studies showing that digital competence facilitates access to social and professional networks through online platforms and digital interaction (van Laar et al., 2020; Al-Omouh et al., 2022). Furthermore, digital capability allows individuals to expand their social capital and access opportunities through network-based interactions in the digital era (Kraus et al., 2022).

4. The Effect of Creative Self-Efficacy on Network Connection

The fourth hypothesis test indicates that Creative Self-Efficacy has a positive and significant effect on Network Connection ($t = 2.736$, $p = 0.006$). This finding implies that individuals with strong confidence in their creative capabilities are more likely to actively initiate interactions, articulate ideas, and engage in collaborative activities. Such self-efficacy functions as a driving force for proactive networking behavior, enabling individuals to effectively navigate social complexities and communicate ideas. In addition, higher levels of creative confidence foster knowledge sharing behaviors, which in turn contribute to the expansion of professional and social network capital (Gong et al., 2012; Mittal & Dhar, 2015; Tidström & Rajala, 2023).

5. The Effect of Network Connection on Entrepreneur Readiness

The results of the fifth hypothesis test indicate that Network Connection has a positive and significant effect on Entrepreneurial Readiness, with a *t-statistic* of 3.821 and a *p-value* of 0.000, thus supporting the proposed hypothesis. This finding suggests that individuals with stronger network connections tend to have higher readiness to engage in entrepreneurial activities. In the context of Generation Z, network connections provide access to information, resources, and opportunities that are essential for starting a business. This result is consistent with recent studies showing that social and professional networks play a crucial role in enhancing entrepreneurial readiness by facilitating knowledge exchange and opportunity recognition (Al-Omouh et al., 2022; Nabi et al., 2021). Furthermore, strong network connections contribute to the development of social capital, which is a key factor in preparing individuals for entrepreneurial ventures (Wardana et al., 2020).

6. The effect of Network Connection Mediates the Relationship between Digital Competence

The results of hypothesis six indicate that network connection mediates the relationship between digital competence and *entrepreneurial* readiness (t -statistic = 2.246; p -value = 0.025). This finding is consistent with Icek Ajzen's (1991) Theory

of Planned Behavior and James Coleman's (1988) Social Capital Theory, which explain that digital competence provides technical capabilities, while networks offer social support to transform these capabilities into entrepreneurial readiness. Furthermore, the study by Luawo & Mohi (2026), referring to Robert Putnam, highlights the importance of social capital (bonding and bridging) in facilitating access to information, guidance, and opportunities. Thus, networks function as a bridge between internal competencies and entrepreneurial readiness.

7. The effect of Network Connection Mediates the Relationship between Creative Self-Efficacy and Entrepreneurial Readiness

The results for hypothesis seven indicate that network connection mediates the relationship between creative self-efficacy and entrepreneurial readiness (t -statistic = 2.387; p -value = 0.017). This finding aligns with Icek Ajzen's (1991) Theory of Planned Behavior and Albert Bandura's (1997) Self-Efficacy Theory, which suggest that creative self-efficacy enhances perceived behavioral control, thereby increasing individuals' confidence in initiating entrepreneurial actions. Additionally, social support within networks reinforces confidence in creative abilities. Previous studies, including those by Kamila & Fahlia (2025), Luawo & Mohi (2026), and Kurniawati et al. (2025) demonstrate that creative self-efficacy and network connections together enhance entrepreneurial readiness by providing access to information, guidance, and opportunities. Therefore, entrepreneurial readiness is shaped by the interaction between creative confidence and social network support.

V. Conclusion

This study concludes that entrepreneurial readiness among Generation Z is driven by an interaction between internal competencies and social capital. Network Connection emerged as the most dominant predictor of entrepreneurial readiness and serves as a vital mediator for both Digital Competence and Creative Self-Efficacy. While Creative Self-Efficacy significantly influences readiness directly, Digital Competence only impacts readiness indirectly through its role in strengthening social and professional networks. These findings underscore that for Generation Z, technological proficiency and creative confidence must be channeled through strategic networking to effectively transform individual potential into tangible entrepreneurial preparedness.

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