

FACTORS AFFECTING ENTREPRENEURIAL INTENTION OF GENERATION Z IN USING THE E-COMMERCE PLATFORM: EVIDENCE FROM INDONESIA

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ABSTRACT

Generation Z is a potential for the development of e-commerce, however, users of e-commerce as a business platform are still very low compared to other sales methods. This study aims to analyze the factors that influence the interest of Generation Z entrepreneurs in using e-commerce platforms. This study uses quantitative methods by distributing questionnaires to 110 respondents. The research data was processed using multiple regression. The results of the study state that perceived ease of use and perceived usefulness have a significant and positive relationship to the interest of Generation Z entrepreneurs in using e-commerce platforms, while perceived risk does not have a significant and positive relationship. The results of the research will have a contribution to the business and management literature, and can be used as a reference for entrepreneurs and the government in an effort to increase the number of uses of e-commerce for Generation Z in entrepreneurship.

Keywords: e-commerce, generation z, entrepreneurship, perceived ease of use, perceived usefulness

1. INTRODUCTION

In the digital transformation era, business people are expected to be able to adapt quickly in the competitive business world. This is supported by the growth of e-commerce which influenced the changes in consumer behavior from traditional shopping to online shopping. According to Lidwina (2021), Indonesia is ranked first in the world as the country with the highest percentage of e-commerce usage as of April 2021 at 88.1%, followed by the UK and the Philippines at 86.9% and 86.2%. This data is also supported by the increasing transaction in e-commerce from IDR 106 trillion in 2018 to IDR 403 trillion in 2021 with a growth of 51.6% yoy.

E-commerce platforms, in terms of its benefits, are proven to affect the growth of economic conditions in a country. By 2022, e-commerce is expected to increase in the workforce equivalent to 26 million full-time workers (McKinsey, 2018). Online sales through e-commerce platforms also had a significant impact on the people of Indonesia. For example, it has empowered women and expanded financial inclusion. Sustainable growth will certainly have beneficial implications for MSMEs, growth in the population of financial institutions, and also export prospects

Data from the Central Bureau of Statistics (2020) stated that 50.42% of online sales came from the wholesale and retail trade repair service, followed by accommodation sector, food and drink provision sector (16.54%) and other categories (15.09%). According to Katadata (2020), Generation Z and millennials spend their income for shopping on e-Commerce. Generation Z with age range 18-25 years old earned an average of IDR 4.6 million per month and the average value of their transactions in e-commerce is equivalent to 5.4% of the monthly income, while other generation with age range 26-35 years old has a higher average income, which is IDR 5.7 million per month. Of this amount, revenue spent on e-commerce was 5.2%. Then, people with age range 36-45 years old only spends 4% of their average income of Rp 7.4 million per month on e-commerce. In that case, the younger the age, the higher the amount spent for shopping on e-commerce.

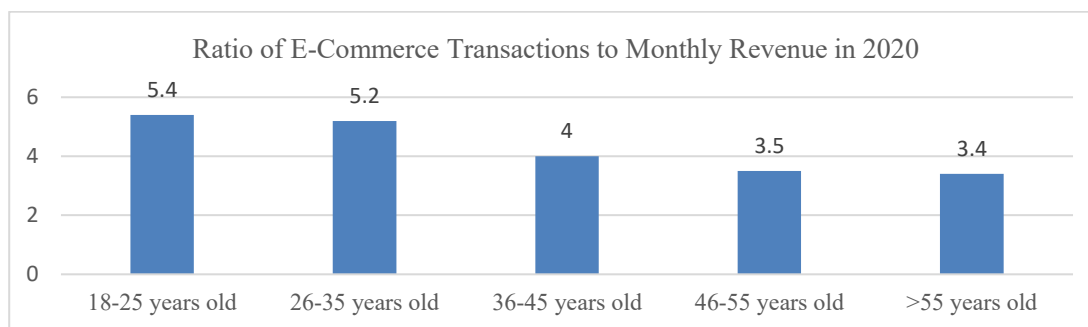


Figure 1. Ratio of E-Commerce Transaction to Monthly Revenue in 2020

There has been many previous research that discuss about Generation Z as a generation that has high purchasing power potential (Vieira, 2020; Uthmna, 2021; Nurfadilah et al., 2020), and another research that focused on entrepreneurial knowledge (Hasan, 2021). However, there is limited research that discusses business interests among Generation Z which has the potential to become agents of economic change. Generation Z has the ability to adopt technology, internet, and social media faster than other generations, and usually have a characteristic to work in a flexible workplace and culture compared to other generation which makes this generation as a suitable target for entrepreneur in the future. Therefore, this study aims to analyze the factors that drive the interest of Generation Z entrepreneurs to use e-commerce as a business platform.

This paper provide contribution as follows: First, this study is intent to fill the gap between theory and practice in the field of business and management. As the number of Gen-Z use e-commerce as their shopping platform, there is a limited study that focus on their intention as an entrepreneur to utilize e-commerce. Second, a study conducted by Mahapatra et al. (2022) mentioned that Gen-Z are more tech-savvy and digital adopters which also lead to higher risk of data leak and fraud. Thus, this study adds perceived risk as a new variable to analyze its relationship with their intention to use e-commerce platform for business.

This research will be divided into five sections: first section discussed the introduction, second section presented the literature, third section employed the research methodology, presented the research results and discussion, and conclude with recommendations.

2. LITERATURE REVIEW

Perceived Usefulness and the Intention of Gen-Z Entrepreneur in Using E-commerce Platforms

Individuals who believe that the use of technology/systems will improve their performance at work. (Davis, 1989, 1993). The usefulness of applying this definition to an online business context, refers to the extent to which entrepreneurs believe using the Internet as a medium will improve their performance or productivity, thereby enhancing their business experience (Monsuwe, Dellaert, & Ruyter, 2004). Perceived usefulness is related to the outcome of the online business experience (Monsuwe et al., 2004). Detailed information, accessibility and velocity, as well as the availability of cheap and convenient purchases, are often cited as the main benefits of online shopping (Khalifa & Limayem, 2003; Shim, Shin, & Nottingham, 2002). For entrepreneurs who don't have much time to learn a platform, the accessibility and velocity are very useful features. Therefore, the hypothesis taken is:

H1: There is a positive and significant relationship between perceived usefulness and the intention of Gen-Z Entrepreneur in using e-commerce platforms

Perceived Ease of Use and the Intention of Gen-Z Entrepreneur in Using E-commerce Platforms

Perceived ease of use is defined as an individual's perception that using a new technology will be effort-free (Davis, 1989, 1993). Applying this context to online business, ease of use refers to the consumer's perception that doing business online through e-commerce will involve little effort (Davis, 1989, 1993). While perceived usefulness refers to consumers' perceptions of the outcomes of their e-commerce experiences, perceived ease of use refers to their perceptions of the processes that lead to the final results of using e-commerce (Monsuwe, Dellaert, and Ruyter, 2004). In short, perceived benefits are how effective e-commerce is in helping sellers complete their tasks and perceived ease of use is how easy it is to use e-commerce as a medium for doing business online (Monsuwe, Dellaert, and Ruyter, 2004). According to TAM, perceived ease of use has a dual effect, directly or indirectly. The indirect effect on intention occurs through perceived usefulness because the easier a technology is to use, the more useful it is (Venkatesh, 2000; Dabholkar, 1996; Davis, Bagozzi, and Warshaw, 1989). Therefore, the hypothesis taken is:

H2: There is a positive and significant relationship between perceived ease of use and the intention of Gen-Z Entrepreneur in using e-commerce platforms

Perceived Risk and the Intention of Gen-Z Entrepreneur in Using E-commerce Platforms

Apart from the benefits of doing business online through e-commerce over traditional sales and optimistic predictions for the future growth of online shopping, the negative aspects associated with doing business online using e-commerce are also critical (Ko et al., 2004). Risk plays an important role in consumer behavior, and makes a valuable contribution to explaining behavior in information seeking and consumer purchasing decisions, there are two theoretical perspectives on risk: one centered on the uncertainty of the outcome of a decision and the other centered on the costs or consequences of that outcome (Barnes et al., 2007). Although consumers perceive the Internet to offer a number of benefits, it tends to magnify some of the uncertainties associated with any buying process. Consumers perceive a higher level of risk when buying on the Internet compared to traditional retail formats (Lee & Tan, 2003). Perceived risk is defined as the potential loss in pursuing a desired outcome when engaging in online business; it is a combination of uncertainty with the possibility of serious outcomes (Ko et al., 2010). Therefore, the hypothesis taken is:

H3: There is a positive and significant relationship between perceived risk and the intention of Gen-Z Entrepreneur in using e-commerce platforms

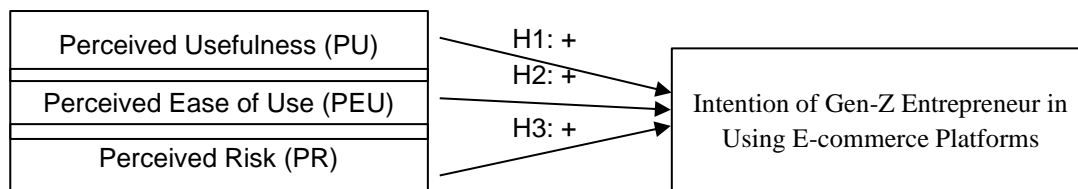


Figure 1. Research Framework

3. RESEARCH METHOD

Research Design: Quantitative Method

The purpose of this study was to analyze the effect of perceived ease of use, perceived usefulness, and perceived risk on the interest of Generation Z entrepreneurs in using e-commerce platforms. In achieving the objectives, this research uses quantitative methods. Quantitative methods emphasize objective measurement and statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. In

another definition according to Muijs (2004:2) quantitative research is essentially about collecting numerical data to explain a certain phenomenon.

Data Collection Method

In this study, primary data was obtained through a survey using the main data collection tool. A questionnaire is a research instrument consisting of a series of questions and other instructions for the purpose of collecting information from respondents. In this study, the questionnaire consisted of two major parts:

1. Part 1 are the frequently asked questions (demographic). This section provides information on the demographic profile of the respondents. Some of the questions are related to: (1) Gender, (2) Age group, (3) Education level, (4) Ethnicity, (5) Monthly income etc. This section also provides multiple choice questions such as (6) How many times did the respondent open E-commerce and (7) the name of the social media platform used
2. Part 2 contains questions that emphasize the variable indicators used in this study, namely perceived ease of use, perceived usefulness, and perceived risk. The questionnaire was arranged based on a five Likert-scale, namely (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly Agree.

Sampling Method

The population in this study is Generation Z who actively use the internet and do business through e-commerce in Indonesia. The sampling method is random sampling. In probability sampling, the sampling selection must occur at random, meaning that they do not differ significantly from the unsampled observations. 110 samples were obtained after distributing the questionnaires. This questionnaire is distributed via the internet, such as posting a google form link in the Instagram bio or spreading the link via email and other social media online chats. Respondents were given simple directions about the study and estimated time for filling out the questionnaire.

Data Analysis Method

This study uses SPSS to run data and test hypotheses. This study investigates the interest of Generation Z entrepreneurs to use e-commerce as a business platform which is a new era in business due to the industrial revolution 4.0. The data analysis process begins with validity and reliability tests, then classical assumption tests, and multiple regression. At last, the demographic respondents analysed by using descriptive statistics.

4. RESULT & DISCUSSION

Respondent Demographic

Majority of respondents are women as many as 70 respondents (63.6%) and followed by men as many as 40 respondents (36.4%). As many as 65.6% of respondents live in DKI Jakarta, followed by 12.7% of respondents who live in the Tangerang area, 11.8% live in the Depok area, and at least 3.6% of respondents live in Bekasi area. In terms of income, the majority of respondents have income below Rp. 5,000,000 as much as 48.2%, followed by respondents who have income in the range of Rp. 1,000,000 – Rp. 5,000,000 as much as 40.9%, and the least are respondents with income more than Rp. 10,000,000. In terms of frequency of using e-commerce, 56.4% of respondents use this platform 1-5 times a month, followed by 22.7% of respondents who use this platform 5-10 times a month. As can be seen from table 1 regarding the usage of platform, Instagram have the highest percentage for 51.8%, followed by Tokopedia for 41.8%.

Table. 1

Frequently used platforms.	Percentage
Instagram	51.8
Lazada	9.1
Tokopedia	41.8
Facebook	3.6

Classic Assumption Test

a. Validity Test

Validity emphasizes the ability of the instrument to capture or explain what the researcher wants to know (Sekaran & Bougie, 2016). The validity in this study was tested using Spearman's Rank (Rs). According to Cohen et al. (2009), the Spearman correlation coefficient is a statistical measure of the strength of the monotonic relationship between paired data. The correlation coefficient value must be between 0.40 – 1.00 or have a moderate to very strong correlation to get satisfactory results. Based on the results of the study, the variables PU, PEU, and PR have a moderate correlation. Thus, it can be concluded that all of the collected questionnaires have met the satisfactory validity test results. The P value of all data is 0.000 which indicates that each questionnaire item is significant.

b. Reliability Test

Hair et al. (2010) define reliability as an assessment of the level of consistency between several measurement variables. Reliability emphasizes the consistency of measurement items in measuring what should be measured (Sekaran & Bougie, 2016). All results from the alpha coefficient value are considered to meet the reliability test if they exceed the recommended 0.70 value (Hair et al., 2006). Such testing criteria are also supported by Ghazali (2013) to pass the reliability test, the Cronbach Alpha must

be above 0.7. Reliability test is used to measure the internal consistency of Likert Scale questions. From the table below, it can be seen that the Cronbach Alpha value is 0.822. Therefore, it can be concluded that this study has reliability.

Cronbach's Alpha	N of items
0.822	16

c. Classic Assumption Test

c.1 Normality Test

The normality test is used to determine whether the distribution of the sample data comes from a population that is normally distributed or not and to find out whether the data has the same inclination between the averages. The Kolmogorov-Smirnov normality test will be used to evaluate the normality test numerically. The criteria for normality testing in this study are (Ghozali, 2011); If p-value > 0.05, then the data is normally distributed, if p-value < 0.05, then the data is not normally distributed. After that, P-P Plot Normal will be used to test normality by analyzing through graphs. In P-P Plots, if the data is normally distributed, the points of the data will lie close to the diagonal line. If the data points are scattered from the diagonal line, then the data is not normally distributed.

		Unstandardized Residual
N		109
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.49369239
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.075
Test Statistic		.077
Asymp. Sig. (2-tailed)		.126 ^c

- a. Test distribution is normal
- b. Calculated from data
- c. Lilliefors Significance Correction

The table above is the result of normality test, where the p value or Kolmogorov-Smirnov (Sig) is 0.126. Thus, it can be concluded that the data is normally distributed.

c.2 Multicollinearity

Multicollinearity test is used to determine whether there is a correlational relationship between independent variables or not. Correlation between independent variables or multicollinearity should not occur in a good regression model (Priyatno, 2010). Multicollinearity test is used to determine whether there is a correlational relationship between independent variables or not. The value commonly used to indicate the presence of multicollinearity is the tolerance value or the Variable Inflation Factor (VIF) value (Ghozali, 2013). The criteria for this test are; if the tolerance value is > 0.10 percent and the VIF value is < 10, it can be indicated that there is no multicollinearity between the independent variables in the regression.

Model		Collinearity Statistics	
		Tolerance	VIF
1	PU_X1	.501	1.997
	PEU_X2	.521	1.921
	PR_X3	.946	1.057

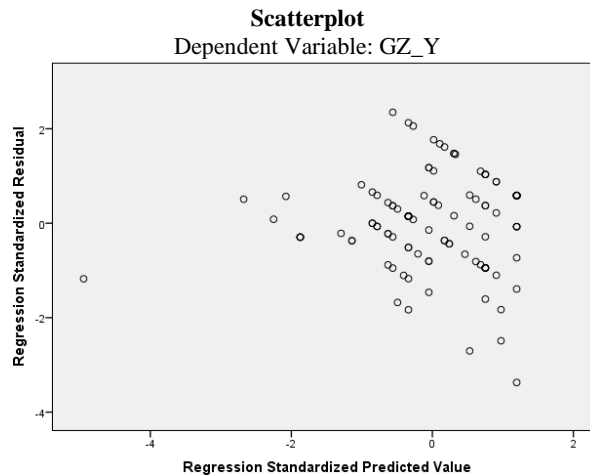
- a. Dependent Variable: GZ_Y

The table above is the result of the multicollinearity test of this study. The tolerance value of all independent variables is > 0.10 percent and the Variable Inflation Factor (VIF) value is less than 10. Thus, it can be indicated that there is no multicollinearity between the independent variables in the regression.

c.3 Heteroscedasticity

The heteroscedasticity test is used to determine whether there is an unequal residual variance between one observation and another (Ghozali, 2013). A good regression model is homoscedasticity or there is no heteroscedasticity (Ghozali, 2011). Heteroscedasticity test is used to determine whether there is a residual variance that is not the same between one observation and another. The method used is through the results of the Scatter Plot graph. Based on Figure 22 above, the data points are

spread above and below the value of 0 and do not form a certain clear pattern. Therefore, from the results shown, it can be said that there is no heteroscedasticity problem in this study.



Hypothesis testing

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.511	.497	1.515

- a. Predictors: (Constant), PR_X3, PEU_X2, PU_X1_
- b. Dependent Variable: GZ.Y

According to Ghozali (2016), the coefficient of determination (R²) is used to describe how much variation in the dependent variable can be explained by the independent variable. Based on the table above, 51.1% of Generation Z's entrepreneurial interest can be explained by perceived ease of use, perceived risk, and perceived usefulness.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	251.645	3	83.882	36.525	0.000 ^b
	Residual	240.961	105	2.295		
	Total	492.606	108			

- a. Dependent Variable: GZ.Y
- b. Predictors: (Constant), PR_X3, PEU_X2, PU_X1_

F test criteria are; if the value of Sig. below 0.05, thus all independent variables simultaneously have a significant effect on the dependent variable. Based on the table above, the value of Sig. is 0.000 which means that PR_X3, PEU_X2, PU_X1 simultaneously affect GZ_Y.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.066	1.123		2.729	.007
	PU_X1	.417	.096	.420	4.351	.000
	PEU_X2	.349	.097	.341	3.609	.000
	PR_X3	-.060	.057	-.073	-1.044	.299

- a. Dependent Variable: GZ.Y

Based on the Anova table, there is one hypothesis that is rejected. Hypothesis 3 (PR_X3) was rejected because p-value > 0.05, i.e. 0.299 > 0.05. It can be concluded that PR_X3 has no significant effect on GZ_Y, while there are two accepted hypotheses in this study, namely Hypothesis 1 (PU_X1) accepted with p-value .000 < 0.05, and Hypothesis 2 (PEU_X2) with p-value .000 < 0.05. It can be concluded that PU_X1 and PEU_X2 have a positive effect on GZ_Y.

Discussion

In this study, it is true that perceived usefulness or (PU_X1) is a factor that drives generation Z entrepreneurs' interest in using e-commerce as an Online Business Platform, indicated by a significance value below 0.005. The perceived usefulness is how effective e-commerce is in helping Generation Z entrepreneurs run their businesses. Perceived ease of use (PEU_X2) is positively related to the interest of Generation Z entrepreneurs in using e-commerce as an Online Business Platform, with a significance value below 0.005. Today people want an easy experience. Thus, Generation Z utilizes and opens online stores through e-commerce platforms. Apart from the positive perceived usefulness and Perceived ease of use, the perceived risk has a negative impact on Generation Z in using e-commerce as an Online Business Platform, with a significance value above 0.005. Although consumers perceive the Internet to offer a number of benefits, it tends to magnify some of the uncertainties associated with any buying process. Consumers perceive a higher level of risk when buying on the Internet compared to traditional retail (Lee & Tan, 2003).

5. CONCLUSION AND SUGGESTIONS

The purpose of this study is to analyze the factors that influence the interest of Generation Z entrepreneurs in using e-commerce platforms. The results of the study indicate that perceived usefulness (X1) and perceived ease of use (X2) have a significant effect on the interest of Generation Z entrepreneurs in using e-commerce platforms, while perceived risk (X3) has no significant effect.

The results of this study are expected to contribute to the business and management literature, and can be used as a reference by academics and students in developing knowledge in this field. In terms of managerial implications, this research is expected to be used as a reference for making business and marketing strategies that can provide better improvement and growth for the e-commerce industry in Indonesia. In terms of business policies, the results of this study are expected to be used to develop policies regarding e-commerce in Indonesia.

This study has a limitation that the selected variable is the main variable in utilizing e-commerce technology. Future researchers are expected to be able to develop this research to be better by adding other variables, such as perceived behavioral control, or from the psychological material of entrepreneurship for Generation Z.

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