

EXPLORING YOUTH INTENTION TOWARD SELF-EMPLOYMENT IN INDONESIA: EVIDENCE FROM SUSENAS MICRODATA

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Abstract: *This study examines the determinants of youth entrepreneurial intention using data from the National Socio-Economic Survey (SUSENAS). The data were collected through structured interviews conducted by Statistics Indonesia, encompassing socio-economic and demographic information from across the country. The analysis is based on a robust sample of over 200,000 individuals aged 16 to 30 years, aligning with the definition of youth under Law No. 40/2009 on Youth. Logistic regression analysis was employed to investigate the influence of various socio-economic factors on entrepreneurial intentions. The findings reveal that demographic characteristics such as gender, marital status, and household size significantly influence entrepreneurial aspirations, with rural youth exhibiting stronger effects compared to their urban counterparts. Financial factors, particularly saving behavior and access to credit, also play a crucial role in driving entrepreneurial intentions. Interestingly, while education and internet access exhibit mixed effects, geographical differences highlight distinct challenges faced by rural and urban youth. These findings underscore the complex interplay of socio-economic factors and entrepreneurial intentions, offering valuable insights for policymakers aiming to foster youth entrepreneurship across diverse regions of Indonesia.*

Keywords: *Youth Employment, Self-employment, Entrepreneurship*

Abstrak: Studi ini mengkaji determinan minat kaum muda terhadap kewirausahaan dengan menggunakan data dari Survei Sosial Ekonomi Nasional (SUSENAS). Data dikumpulkan melalui survei berbasis wawancara terstruktur yang dilakukan oleh Badan Pusat Statistik (BPS), mencakup informasi sosial-ekonomi dan demografis dari seluruh wilayah Indonesia. Analisis ini didasarkan pada sampel yang kuat, yaitu lebih dari 200.000 individu berusia 16 hingga 30 tahun, sesuai dengan definisi pemuda dalam Undang-Undang No. 40/2009 tentang Kepemudaan. Analisis regresi logistik digunakan untuk meneliti pengaruh berbagai faktor sosial-ekonomi terhadap niat berwirausaha. Hasilnya menunjukkan bahwa karakteristik demografis seperti jenis kelamin, status perkawinan, dan ukuran rumah tangga secara signifikan memengaruhi aspirasi kewirausahaan, di mana pemuda di daerah pedesaan menunjukkan efek yang lebih kuat dibandingkan dengan pemuda di daerah perkotaan. Faktor keuangan, terutama perilaku menabung dan akses terhadap kredit, juga memainkan peran penting dalam mendorong niat untuk berwirausaha. Menariknya, meskipun pendidikan dan akses internet menunjukkan efek yang

beragam, perbedaan geografis menyoroti tantangan yang berbeda yang dihadapi oleh pemuda pedesaan dan perkotaan. Temuan ini menekankan interaksi kompleks antara faktor-faktor sosial-ekonomi dan niat kewirausahaan, memberikan wawasan penting bagi pembuat kebijakan yang bertujuan untuk mendorong kewirausahaan di kalangan pemuda di berbagai wilayah Indonesia.

Kata Kunci: Pekerjaan bagi Pemuda, Wirausaha, Kewirausahaan

INTRODUCTION

Youth intention toward self-employment has become an increasingly important subject in both academic and policy discussions, as young people around the world are showing greater interest in entrepreneurial careers. This shift is largely driven by the evolving nature of the global labor market, where traditional forms of employment are becoming more competitive (Chang & Zhang, 2015). For many youths, self-employment offers a viable alternative to formal employment, providing opportunities for creativity, autonomy, and potentially higher earnings (Pantea, 2022; Pyykkönen et al., 2023). As Grigorescu et al., (2020) and Danson et al., (2021) implied, job creation cannot always keep pace with the growing number of labor market entrants, self-employment can serve as a crucial mechanism for reducing unemployment and fostering economic growth. Understanding the factors that shape young people's intentions to pursue self-employment is essential for creating effective policies that support youth entrepreneurship, as it directly affects labor market dynamics and economic development.

In many regions, particularly in emerging economies, youth are turning to self-employment due to a combination of push and pull factors (Chudner et al., 2024; Remeikienė et al., 2020). On one hand, a lack of sufficient job opportunities in the formal sector forces many young people to create their own opportunities through entrepreneurship (Sumberg et al., 2021). On the other hand, the growing appeal of innovation-driven economies and the rise of digital technologies have opened up new pathways for young entrepreneurs to start businesses with lower barriers to entry (Oppong et al., 2020; Sahut et al., 2021). This global shift reflects a broader transformation in how young people engage with the labor market, particularly as they seek out opportunities that align with their personal and financial goals.

The rise of youth entrepreneurship is particularly relevant in today's dynamic labor market, which is characterized by rapid technological change, globalization, and shifting employment patterns. Traditional jobs that offer long-term stability are becoming less common, especially with the increasing use of automation and artificial intelligence across various sectors (Rani & Furrer, 2021). As a result, many young people face uncertain job prospects and are increasingly drawn to entrepreneurship as a way to ensure financial independence and career control. Furthermore, the gig economy and freelancing opportunities, driven by digital platforms, have created a fertile environment for self-employed individuals. Young entrepreneurs today have access to global markets, crowdfunding, and a wealth of online tools that make starting and scaling a business more accessible than ever before (Zhuk, 2023). As these trends continue to reshape the global labor market, the role of youth self-employment becomes even more critical in fostering innovation and economic resilience.

Youth self-employment not only matters for individual economic outcomes but also has broader implications for the labor market as a whole. Jumpah et al., (2020) argued that encouraging youth entrepreneurship can help address the structural unemployment that affects many countries, particularly those with large youth populations and insufficient formal job opportunities. In Indonesia, for instance, the youth unemployment rate remains a pressing issue, as the formal sector is unable to absorb the large number of young people entering the labor market each year. Based on the data from 2023, youth unemployment in Indonesia remains significantly higher than the national average (BPS - Statistics Indonesia, 2024). The unemployment rate for the 15-19 age group stands at 25.77%, while the 20-24 age group has an unemployment rate of 16.85%. For the 25-29 age group, the rate decreases from the previous year but is still substantial at 7.48%. In contrast, the overall national unemployment rate across all age groups is 5.32%. This stark difference highlights that youth, particularly those in the early stages of their careers, face considerable challenges in securing employment. With unemployment rates for youth more than triple the national average, this issue has crucial implications for economic stability and social well-being.

By fostering self-employment, governments can alleviate some of this pressure by creating an alternative pathway to economic participation. Moreover, youth entrepreneurship can drive job creation beyond the individual entrepreneur, as successful startups and small businesses often generate additional employment opportunities, thus contributing to overall economic growth (Yerrabati, 2022). Youth entrepreneurship is a key driver of economic development, particularly in developing countries where the labor market may not provide sufficient employment opportunities. Encouraging youth entrepreneurship can lead to the creation of sustainable and innovative businesses that contribute to economic resilience, especially in times of economic uncertainty.

In addition to economic benefits, youth self-employment promotes innovation and the diversification of economies (Zu, 2020). Young entrepreneurs are often at the forefront of adopting new technologies and business models, which can lead to the development of new industries and market opportunities. This is particularly important in today's global economy, where technological advancements and market disruptions occur at an unprecedented pace. Youth entrepreneurs tend to be more willing to take risks, experiment with unconventional ideas, and challenge established norms, making them key drivers of innovation. As such, supporting youth self-employment can enhance a country's competitiveness by fostering a more dynamic and adaptable labor market. Thus, this research aimed to explore and analyze the key socio-economic factors influencing youth intention to pursue self-employment in Indonesia using microdata approach.

Demographic factors such as gender, marital status, and household size, as well as socio-economic determinants including education, internet proficiency, financial access, and geographic location, shape young people's decisions to engage in entrepreneurial activities. These determinants interact in complex ways to influence entrepreneurial aspirations, underscoring the need for a comprehensive exploration of their roles in self-employment intentions.

Existing research emphasizes the significance of external factors, such as educational attainment and access to credit, in fostering entrepreneurial intentions (Nguyen, 2020; Shah et al., 2020). However, debates remain regarding their relative importance. For example, while some studies argue that higher education enhances entrepreneurial readiness (Pardo-Garcia & Barac, 2020), others suggest that formal education may hinder individuals toward self-employment paths, particularly in emerging economies (Ahn & Winters, 2023). Similarly, although internet proficiency and ICT skills are increasingly regarded as vital for entrepreneurial success, the extent to which digital tools bridge rural-urban divides in self-employment remains underexplored (Li, 2022). These debates highlight critical research gaps and call for further investigation into how socio-economic and demographic variables collectively influence youth entrepreneurial aspirations.

Despite these advancements, a key gap persists in understanding how these determinants vary across different socio-geographic contexts, particularly in Indonesia, where rural and urban youth face distinct challenges. Previous studies often fail to account for the interaction between demographic characteristics, financial accessibility, and digital competencies, leading to an incomplete picture of entrepreneurial dynamics. By focusing on these interactions, this study seeks to address these gaps and contribute to ongoing discussions on youth self-employment, especially in the context of developing countries like Indonesia.

By filling this research gap, the current study offers a nuanced understanding of youth entrepreneurial intentions, drawing on insights from the National Socio-Economic Survey (SUSENAS). In doing so, it provides valuable contributions to academic debates and offers policy-relevant recommendations for fostering youth entrepreneurship in diverse socio-economic settings.

LITERATURE REVIEW

Ajzen's Theory of Planned Behavior (TPB) offers a useful framework for understanding youth intentions toward self-employment. According to TPB, an individual's intention to engage in a specific behavior, such as self-employment, is shaped by three key factors: their attitude toward the behavior, subjective norms, and perceived behavioral control (Mohd Noor & Malek, 2021; Wach & Wojciechowski, 2016). In the context of youth self-employment, attitude refers to how young people perceive entrepreneurship as a career, whether they see it as desirable or viable. Subjective norms involve the social pressures or support they feel from their families, peers, and communities, which can either encourage or discourage entrepreneurial ambitions. Finally, perceived behavioral control relates to their confidence in their ability to start and run a business, often influenced by access to resources like education, capital, or skills training.

Previous studies provide diverse insights into the determinants of youth self-employment and entrepreneurial intentions, focusing on demographic, economic, and social factors. Faloye & Olatunji (2018) found that entrepreneurial education, risk-taking ability, and family influence shape Nigerian youth's entrepreneurial intentions. Similarly, Melak & Derbe (2022) emphasized factors like loan size, repayment periods, and gender-specific interventions, particularly for female youth, in Ethiopia. Both

studies agree that external support such as education and financial mechanisms is critical to entrepreneurial success, with Ethiopia highlighting the need for policy adjustments. Khamis et al., (2021) further underscore the importance of entrepreneurial attitudes, mentorship, and self-determination in guiding youth toward business creation. Al-Qadasi et al., (2021) added findings from Yemen, where university students showed positive attitudes toward self-employment, influenced by entrepreneurial education and support from universities, although structural barriers remain significant. Across these studies, while education and financial support are essential, local factors such as gender, loan policies, and educational structures add crucial layers to youth entrepreneurship strategies.

Understanding the factors that influence youth to pursue entrepreneurship is essential for developing effective policies and support systems that encourage sustainable business creation. First, demographic factors play a crucial role in shaping the intentions and likelihood of youth to engage in self-employment. Gender differences, in particular, significantly influence self-employment, with males often showing higher participation in entrepreneurial activities compared to their female counterparts. This disparity can largely be attributed to societal norms and expectations, which frequently position men as breadwinners and risk-takers, thereby aligning them more closely with the traits often associated with entrepreneurship. In contrast, women may face cultural and institutional barriers, such as limited access to financial resources, networks, or business opportunities, which constrain their ability to pursue self-employment (Bullough et al., 2022; Gupta et al., 2022). Additionally, the perception of entrepreneurship as a male-dominated field can create psychological barriers for women, reducing their confidence or motivation to engage in such ventures. These gendered dynamics highlight how societal constructs and access to opportunities can shape entrepreneurial intentions differently for men and women. Thus, this study proposes the following hypothesis:

H1: Male youth are more likely to intent to self-employment

Marital status can also impact youth self-employment intentions, as married individuals often face different economic and social pressures compared to their unmarried counterparts. Marriage typically brings added responsibilities, such as supporting a spouse and, in many cases, children, which may lead individuals to prioritize stable and predictable income sources. Consequently, married youth may lean more toward formal employment, which is often perceived as less risky and more secure than entrepreneurial ventures. This is particularly evident in contexts where societal expectations place greater emphasis on financial stability for married individuals, reinforcing the preference for structured employment opportunities (Rossier and Ouedraogo, 2024). Additionally, the time and energy required to manage a household or care for family members may limit the ability of married individuals to engage in the demanding and often uncertain process of starting and sustaining a business. These factors collectively suggest that marital status can significantly reduce the likelihood of youth pursuing self-employment, as the need for income stability and reduced risk becomes a more prominent consideration. This dynamic is further compounded in settings where access to resources, such as childcare or financial

support for entrepreneurship, is limited, creating additional barriers for married youth in engaging with entrepreneurial activities. Thus, this study hypothesizes:

H2: Married youth are less likely to intent to self-employment

Household size and composition may add further economic pressure, pushing youth into self-employment as a means to contribute to household income or to find economic welfare within a large family structure (Zhao et al., 2020). In larger households, the financial responsibilities are typically shared among more individuals, which can intensify the need for additional income streams. Youth in such settings may feel compelled to seek out self-employment opportunities to support their families, especially when formal employment is limited or inadequate. Self-employment offers the potential for flexible working hours and the possibility of higher earnings, enabling young individuals to balance familial obligations with economic activities. Moreover, cultural and social expectations may encourage youth to participate in the workforce to alleviate the economic burden on their families. This scenario underscores the role of household dynamics in influencing entrepreneurial intentions among youth. Thus, the hypotheses:

H3: Youth in large family size are more likely to intent to self-employment

Education and skills development, particularly in the areas of formal education, internet proficiency, and ICT (Information and Communication Technology) experience, are crucial determinants of youth self-employment. Higher levels of formal education often lead youth to prefer formal employment over self-employment, as the structured career paths, job security, and financial stability offered by established companies tend to be more appealing to highly educated individuals. Educated youth may view formal employment as a safer and more predictable option, particularly in industries that value academic qualifications and offer clear career advancement opportunities. Additionally, the perceived risks and uncertainties associated with entrepreneurship may deter highly educated individuals, who might prioritize roles aligned with their qualifications and societal expectations. These individuals may also have greater access to competitive formal sector jobs, further reducing their inclination to pursue self-employment. This leads the study to hypothesize:

H4: Youth with higher education are less likely to intent to self-employment

Additionally, proficiency in using the internet enhances access to resources, market information, and digital tools, which are increasingly important for running modern businesses (Ben Youssef et al., 2021). The ability to leverage the internet for e-commerce, digital marketing, or even managing online business operations broadens the scope of entrepreneurial opportunities available to youth. Internet proficiency allows young entrepreneurs to reach broader markets, engage with customers more effectively, and compete in a rapidly digitizing economy. Furthermore, it provides access to online learning platforms and forums where they can acquire business knowledge, network with other entrepreneurs, and stay updated on industry trends. This digital edge not only lowers the barriers to entry for new ventures but also enhances the scalability and sustainability of youth-led businesses. As a result, we suggest the following hypothesis:

H5: Youth with internet proficiency are more likely to intent to self-employment

Furthermore, direct experience in learning ICT skills significantly boosts the likelihood of self-employment. Youth who are skilled in ICT are better equipped to adapt to the digital economy, manage online platforms, and utilize technology to streamline their business processes (Ben Youssef et al., 2021). These skills enable young entrepreneurs to efficiently implement digital solutions such as automation, data analytics, and customer relationship management, which can enhance productivity and competitiveness. Additionally, ICT proficiency often fosters innovation, allowing youth to develop unique business models and services that cater to emerging digital markets. Overall, the combination of formal education, internet skills, and ICT experience not only improves youth readiness for self-employment but also influences the scale and type of business ventures they are likely to pursue, from small-scale digital enterprises to more structured, tech-driven businesses. These capabilities are particularly valuable in the context of the evolving global economy, where digital transformation is reshaping industries and creating new opportunities for entrepreneurial growth.

H6: Youth learning ICT are more likely to intent to self-employment

Access to financial resources is a critical determinant of youth self-employment, as the availability of capital influences the ability to start and sustain a business. Youth who have access to financial institutions, such as banks or microfinance organizations, are more likely to engage in self-employment as they have the means to invest in the necessary equipment, inventory, and marketing to launch a business. In contrast, lack of access to credit, particularly for youth in rural areas or from low-income families, serves as a major barrier to entrepreneurial activities (Andriamahery & Qamruzzaman, 2022; Brixiová et al., 2020). Building on this understanding, the hypothesis is:

H7: Youth with financial access are more likely to intent to self-employment

Furthermore, household wealth plays a role in self-employment decisions, as wealthier families can provide support in initial capital or safety nets, allowing youth to take the financial risks associated with starting a business (Cardella et al., 2020; Xu et al., 2020). This financial backing can reduce the pressures associated with business uncertainties, enabling young entrepreneurs to invest in quality resources, marketing strategies, and infrastructure necessary for sustaining their ventures. Additionally, wealthier families often provide access to valuable networks, mentorship, and market knowledge, further increasing the likelihood of entrepreneurial success. With a stronger safety net, youth from affluent households may also have greater freedom to explore innovative business ideas without the immediate pressure of generating income, thereby enhancing their capacity for long-term entrepreneurial growth.

H8: Youth within wealthier family are more likely to intent to self-employment

Geographic condition significantly influence the likelihood of youth engaging in self-employment due to differences in access to markets, resources, and infrastructure between urban and rural areas. Urban youth typically have better access to business opportunities, customers, and financial institutions, making entrepreneurship more viable and attractive. Cities often provide diverse markets for goods and services, a dense population of potential customers, and easier access to suppliers and skilled labor. On the other hand, youth in rural areas may face greater challenges due to

limited access to infrastructure such as roads, electricity, and internet connectivity, which are crucial for starting and running a business. However, rural youth may also be drawn to self-employment as a necessity, driven by the lack of formal employment opportunities in their region (Mayer & Motoyama, 2020). Consequently, the hypothesis is:

H9: Youth in urban are less likely to intent to self-employment

RESEARCH METHOD

This study utilizes data from Survei Sosial Ekonomi Nasional (SUSENAS) 2022. The SUSENAS microdata provides a rich source of information, allowing for the examination of socio-economic factors, such as income, education, and regional economic conditions, that might affect intentions to self-employment. The total observation of this study covering 267.074 people categorized in youth, aged between 16 to 30 years old, following the definition of youth from the Law No. 40/2009 on Youth.

This study uses various determinants, including demographic characteristics, education and skill levels, financial access, and geographic conditions, play a pivotal role in shaping self-employment intentions among youth. These factors interact in complex ways to either facilitate or hinder the ability of young people to establish and maintain businesses. The definitions are as follows:

Table 1. Research Variables

Aspect	Variables	Definition
Self-employment classification	Self-employed (SELF)	Binary dummy variable indicating the category of youth employment choices, whether choosing self-employment or not. SELF = 1, if individual in self-employment category SELF = 0, if other
	Gender (GEN)	Dummy variable indicating the gender of the individual GEN = 1, if male GEN = 0, if female
Demographic conditions	Marital status (MAR)	Dummy variable indicating the marital status of the individual MAR = 1, if married MAR = 0, if others
	Household size (HHS)	Indicating the number of household/family member
	Year of schooling (YOS)	Indicating the year of schooling completed by individual
Education and skill development	Internet proficiency (INT)	Dummy variable indicating the internet proficiency of the individual INT = 1, if utilizing internet INT = 0, if other
	Learning ICT (ICT)	Dummy variable indicating the experience in learning ICT

Aspect	Variables	Definition
		ICT = 1, if yes ICT = 0, if other
Financial access	Saving (SAV)	Dummy variable indicating individual saving in the bank account SAV = 1, if yes SAV = 0, if other
	Access to credit (CRED)	Dummy variable indicating individual has financial access to credit, whether it is from Kredit Usaha Rakyat (KUR), commercial bank, Bank Perkreditas Rakyat (BPR), or cooperatives. CRED = 1, if yes CRED = 0, if other
Geographic condition	Rural - urban residency (URB)	Dummy variable indicating individual residential place URB = 1, if urban URB = 0, if other

Source: SUSENAS (2022)

Logistic regression employed to analyze the relationship between youth self-employment and a set of independent variables, using self-employment (SELF) as the dependent variable, which is binary (1 = self-employed, 0 = otherwise). The independent variables include demographic factors like gender (GEN), marital status (MAR), and household size (HHS), which can provide insights into how personal and family characteristics influence self-employment decisions. Additionally, education and skill development variables, such as year of schooling (YOS), internet proficiency (INT), and learning ICT (ICT), can assess the impact of educational background and digital literacy on the likelihood of pursuing self-employment. Financial access variables, like savings (SAV) and access to credit (CRED), help to understand how access to financial resources affects youth’s ability to start their own business. Finally, geographic condition (URB), which distinguishes between urban and rural residency, can reveal whether location influences self-employment outcomes. Logistic regression is suitable for this analysis because it allows for the estimation of the probability of youth choosing self-employment, given these various demographic, educational, financial, and geographic factors. The logistic regression model can be expressed mathematically as follows:

$$\text{logit}(P) = \log\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 \text{GEN} + \beta_2 \text{MAR} + \beta_3 \text{HHS} + \beta_4 \text{YOS} + \beta_5 \text{INT} + \beta_6 \text{ICT} + \beta_7 \text{SAV} + \beta_8 \text{CRED} + \beta_9 \text{URB} + \varepsilon \quad (1)$$

Where P is the probability of self-employment for youth, β_0 is the intercept, and $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8, \beta_9$ are the coefficients for the independent variables: gender, marital status, household size, year of schooling, internet proficiency, learning ICT, saving ownership, access to credit, and urban residency, respectively.

RESULT AND DISCUSSIONS

Table 2 presents a detailed breakdown of individuals who are either self-employed or employed otherwise across several demographic categories. Out of the total 267,074 individuals, 11.2% (29,933 people) are self-employed, while the remaining 88.8% (237,141 people) are employed otherwise. Looking at the age distribution, the majority of self-employed individuals are between the ages of 26-30 (56.2% of all self-employed), while those aged 16-20 constitute only 10.4% of the self-employed group. Conversely, the younger age group (16-20) forms a significant portion (42.2%) of the otherwise employed population. This suggests that as individuals grow older, they may increasingly shift toward self-employment, potentially due to acquiring more skills, networks, or opportunities outside formal employment sectors.

Table 2. Descriptive Statistics of the Observation

	Self-employed	Otherwise	Total
Observation	29.933	237.141	267.074
Age			
16-20	3.123	100.136	103.259
21-25	9.867	73.696	83.563
26-30	16.943	63.309	80.252
Gender			
Male	20.069	115.553	135.622
Female	9.864	121.588	131.452
Marital Status			
Married	18.273	68.063	86.337
Others	11.659	169.078	180.737
Household Size			
≤5	24.596	181.961	206.557
6 - 10	5.191	54.066	59.257
>10	146	1.114	1.260
Education			
Not graduated elementary school	2.440	10.408	12.848
Elementary school	4.873	25.090	29.963
Junior high school	8.314	90.809	99.123
Senior high school	10.992	86.542	97.464
Diploma I-II	93	769	862
Diploma III	395	3.573	3.968
Diploma IV/Bachelor	2.859	19.460	22.319
Profession	12	126	138
Master	24	346	370
Doctoral	1	18	19
Internet Proficiency			
Yes	24.249	207.834	232.083
No	5.684	29.307	34.991
Learning ICT			

	Self-employed	Otherwise	Total
Yes	8.570	100.093	108.663
No	21.363	137.048	158.411
Saving			
Yes	12.660	89.941	102.601
No	17.273	147.200	164.473
Access to Credit			
Yes	5.309	38.919	44.226
No	24.624	198.222	222.846
Residential			
Rural	20.483	134.469	154.952
Urban	9.450	102.672	112.122

Source: SUSENAS (2022)

In terms of gender, table 2 also reveals that 67% of the self-employed are male, whereas women represent 33% of the self-employed population. Interestingly, in the otherwise employed category, women make up a larger share at 51.3% compared to men (48.7%), indicating a potential gender divide in employment patterns where men are more likely to opt for self-employment, and women are more present in formal or other forms of employment. The data also show that educational attainment is a key differentiator: 35.6% of the self-employed have completed only junior high school, whereas 36.9% of those employed otherwise have attained the same education level. Notably, higher education levels (bachelor's degree or higher) are more common among those non self-employed. For example, only 9.5% of the self-employed hold a bachelor's degree, compared to 8.2% of those employed otherwise. These percentages reveal the potential influence of education on employment decisions and opportunities.

Table 3. Estimation Results of All Observation

Independent Variables	Coef.	Std err.	z	P> z 	[95% Conf. Interval]	
Constant	-1,358	0,028	-48,22	0,000*	-1,414	-1,303
Gender	-1,188	0,014	-84,04	0,000*	-1,216	-1,161
Marital status	1,538	0,014	109,84	0,000*	1,510	1,510
Household size	-0,107	0,004	-26,79	0,000*	-0,115	-0,115
Education	-0,007	0,001	-3,94	0,000*	-0,011	-0,011
Internet	-0,252	0,018	-13,65	0,000*	-0,289	-0,289
Learning ICT	-0,291	0,015	-19,25	0,000*	-0,321	-0,321
Saving	0,182	0,014	12,64	0,000*	0,153	0,153
Access to credit	0,143	0,017	8,35	0,000*	0,109	0,109
Urban	-0,370	0,014	-25,81	0,000*	-0,398	-0,398
Observation	267.074					
Prob > chi2	0,0000					
Pseudo R2	0,1185					

Source: SUSENAS (2022), data analyzed

Note: *significant in $\alpha = 1\%$

Based on the logistic regression results in Table 3, several independent variables significantly influence youth intention toward self-employment. All coefficients are statistically significant at the 1% level ($p < 0.01$), as indicated by the $P > |z|$ values. The variable gender has a negative coefficient (-1.188), indicating that males, that likely coded as 1 in a binary variable, have lower odds of intending to pursue self-employment compared to females. Conversely, marital status has a strong positive effect (1.538), suggesting that being married increases the likelihood of youth intending to engage in self-employment. The size of the household and urban residency both negatively impact self-employment intentions, indicating that larger households and living in urban areas reduce the probability of youth pursuing self-employment. Education, internet access, and learning ICT skills also have negative but relatively smaller effects, which may reflect the complexities of balancing formal education and digital skills with entrepreneurial motivations. On the other hand, saving and access to credit show positive coefficients (0.182 and 0.143, respectively), meaning that those who save regularly and have access to credit are more likely to be interested in self-employment. Urban residency has a negative coefficient (-0.370), indicating that living in urban areas reduces self-employment intentions.

Tabel 4. Estimation Results based on Residential

Independent Variables	Urban			Rural		
	Coef.	z	P> z	Coef.	z	P> z
Constant	-2,519	-37,04	0,000*	-1,121	-34,31	0,000*
Gender	-0,678	-29,43	0,000*	-1,480	-81,84	0,000*
Marital status	1,375	59,01	0,000*	1,649	93,42	0,000*
Household size	-0,049	-7,23	0,000*	-0,135	-27,22	0,000*
Education	0,002	0,55	0,581	-0,009	-4,38	0,000*
Internet	0,012	0,23	0,814	-0,278	-13,64	0,000*
Learning ICT	-0,277	-11,80	0,000*	-0,307	-15,42	0,000*
Saving	0,282	11,69	0,000*	0,118	6,45	0,000*
Access to credit	0,286	10,39	0,000*	0,064	2,92	0,003*
Observation	112.122			154.952		
Prob > chi2	0,0000			0,0000		
Pseudo R2	0,0758			0,1383		

Source: SUSENAS (2022), data analyzed

Note: *significant in $\alpha = 1\%$

The logistic regression results show differences between urban and rural youth in their intention toward self-employment. Both groups share common significant predictors, but the magnitude and direction of these effects vary. For urban youth, gender has a negative coefficient (-0.678), meaning females are less likely than males to intend toward self-employment, but this effect is stronger in rural areas (-1.480), indicating a larger gender gap. This supports Hypothesis 1, as male youth are more likely to intend to self-employment in both urban and rural settings. Marital status has a positive effect for both groups, with a slightly stronger impact in rural areas (1.649) compared to urban (1.375), suggesting that marriage increases the likelihood of rural youth pursuing self-employment more than urban youth. Contrary to Hypothesis 2, which posited that married youth are less likely to intend self-employment, the results

indicate that being married significantly increases self-employment intentions across both contexts, rural and urban. Household size negatively impacts self-employment intentions in both areas, with a stronger effect in rural areas (-0.135 vs. -0.049). This does not align with Hypothesis 3, which suggested that youth in larger households are more likely to intend self-employment. The findings indicate the opposite, as larger household size decreases self-employment intentions.

Meanwhile, education has no significant impact on urban youth (0.002, $p=0.581$), but it has a slight negative effect in rural areas (-0.009). These findings are partially consistent with Hypothesis 4, as higher education does reduce self-employment intentions in rural areas, though it has no significant impact in urban areas. Interestingly, internet use is insignificant for urban youth (0.012, $p=0.814$) but negatively affects rural youth (-0.278). This result partially challenges Hypothesis 5, which posited that youth with internet proficiency are more likely to intend self-employment. While internet proficiency is expected to enhance entrepreneurial intentions, it appears to have no significant effect in urban areas and a negative effect in rural areas, highlighting potential barriers to leveraging digital tools. Learning ICT skills negatively impacts both groups, with rural youth showing a slightly stronger negative effect. This finding is contrary to Hypothesis 6, as it suggests that ICT learning reduces self-employment intentions, possibly due to youth pursuing formal employment opportunities that value digital skills.

Saving and access to credit positively influence self-employment intentions in both settings, with urban youth having a higher coefficient for saving (0.282 vs. 0.118), while access to credit has a stronger effect in urban areas (0.286 vs. 0.064). These results strongly support Hypotheses H7 and H8, as financial access and household wealth are key enablers of youth self-employment, encouraging entrepreneurial intentions across both urban and rural contexts. This comparison indicates that while the determinants of self-employment are largely similar across urban and rural contexts, the intensity of these effects differs, with rural areas showing stronger effects for gender, marital status, and household size.

The findings of this study align with the theory of planned behavior (TPB), which posits that intentions to perform a behavior, such as starting a business, are influenced by attitudes, subjective norms, and perceived behavioral control (Mohd Noor & Malek, 2021; Wach & Wojciechowski, 2016). Gender differences, as highlighted by the negative coefficient for males, can be understood in the context of social expectations and perceived feasibility. In many cases, males in both urban and rural settings may perceive formal employment as a more viable option than entrepreneurship, given societal pressures and expectations regarding stable income sources (Gonalons-Pons & Gangl, 2021; Sherman, 2017). The strong positive impact of marital status suggests that marriage provides social and financial stability, increasing the motivation for self-employment as a means to support the family. This aligns with previous studies, such as those by Morrar et al., (2022) who found that marriage and family responsibilities often drive individuals toward self-employment due to the need for flexible work arrangements. Additionally, the negative impact of household size on self-employment intentions reflects the economic pressures of supporting a

larger family, which can reduce the ability or willingness to take on the risks associated with entrepreneurship.

The contrasting effects of education, internet access, and ICT skills underscore the complex relationship between formal education and entrepreneurial intentions. Human capital theory suggests that education increases individuals' capabilities, making them more likely to succeed in business. However, in this study, the negative or insignificant effects of education, particularly for rural youth, may reflect the trade-off between pursuing formal education and entrepreneurial ventures. This is consistent with research by Molina (2020), which found that highly educated individuals are less likely to pursue entrepreneurship due to their preference for formal employment. The negative impact of internet use and ICT skills on rural youth could indicate a gap in leveraging digital tools for entrepreneurial activities, suggesting that digital infrastructure and literacy may not be sufficient for fostering self-employment in these areas. Digital transformation is needed as it plays a crucial role in fostering youth self-employment by providing greater access to online markets, digital tools, and platforms that enable entrepreneurship. Through advancements in technology, young individuals can leverage e-commerce, social media, and digital payment systems to launch and scale their businesses more efficiently. Additionally, digital tools enhance skill development and offer online learning opportunities, empowering youth with the knowledge and resources needed to succeed in self-employment ventures (Romero and Martínez-Román, 2024). This highlights the need for tailored interventions that focus on not only providing digital access but also ensuring that youth can effectively use these tools to create and sustain businesses, especially in rural contexts.

Lastly, urban residency has a negative coefficient (as presented in Table 3), indicating that living in urban areas reduces self-employment intentions. This supports Hypothesis H9, as rural youth are more likely to pursue self-employment compared to urban youth, potentially due to the lack of formal employment opportunities in rural areas. Overman & Xu (2024) highlight that urban areas often provide better access to formal jobs, higher wages, and a diversified labor market, making self-employment less appealing to urban youth. Conversely, rural areas, characterized by limited formal employment opportunities, often push youth toward necessity-driven entrepreneurship. Additionally, higher competition and market saturation in urban areas may deter entrepreneurial efforts, as perceived risks of failure are greater.

In contrast, rural youth may find self-employment more viable due to smaller but less competitive markets and the absence of stable formal employment options. Furthermore, stronger community ties and support systems in rural areas can serve as informal safety nets, encouraging entrepreneurial ventures (Ataei et al., 2020). These social and economic dynamics, combined with the lack of alternatives in rural settings, create an environment where entrepreneurship becomes a pathway to financial independence and economic participation. This disparity underscores the importance of tailored policies to address the unique challenges faced by rural and urban youth in fostering self-employment.

CONCLUSIONS

The research findings demonstrate that several factors significantly influence youth intentions toward self-employment, with differences between urban and rural youth. Gender, marital status, household size, internet access, and education are critical variables that shape self-employment intentions. Rural areas exhibit stronger effects, particularly regarding gender, where the disparity between males and females is more pronounced, and household size, where larger families reduce self-employment intentions more significantly. In both urban and rural contexts, saving behavior and access to credit emerge as positive predictors of self-employment, emphasizing the role of financial factors in shaping entrepreneurial aspirations.

These findings suggest that targeted policies should address the specific needs of rural and urban youth differently. In rural areas, programs that reduce the gender gap in self-employment, such as female entrepreneurship initiatives, are critical. Financial inclusion policies, particularly enhancing access to credit and promoting savings, should be prioritized to foster entrepreneurial intentions. Additionally, reducing the negative impact of household size on self-employment, particularly in rural regions, may require social support mechanisms or income diversification programs. Moreover, the varying influence of education and internet use between urban and rural youth indicates the need for tailored digital literacy and education programs to better align formal skills with entrepreneurial motivations.

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