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# ENTREPRENEURIAL ASPIRATIONS AND BARRIERS AMONG OUT-OF-SCHOOL GENERATION Z IN MAKASSAR: A MODEL FOR ADVANCING SDGS 4, 8, AND 10

Muhammad Kafrawi Yunus<sup>1\*</sup>, Seri Suriani<sup>2</sup>, Muhtar Sapiri<sup>3</sup>, Muh. Ziaul Haq<sup>4</sup>, Kadek Intan<sup>5</sup> Nur Aziza Buhari<sup>6</sup>

<sup>1</sup>Department of Management, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. E-mail: kafrawi.yunus@universitasbosowa.ac.id

<sup>2</sup>Department of Financial Management, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. E-mail: seri.suriani@universitasbosowa.ac.id

<sup>3</sup>Department of Accounting, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. E-mail: muhtar.sapiri@universitasbosowa.ac.id

<sup>4</sup>Department of Management, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. muhammadulhaq7@gmail.com

<sup>5</sup>Department of Management, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. kadekintan0500@gmail.com

<sup>6</sup>Department of Financial Management, Faculty of Economic and Business, University Bosowa Makassar City, 90231, Indonesia. azizaicha89@gmail.com

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Corresponding Author: Muhammad Kafrawi Yunus  
(kafrawi.yunus@universitasbosowa.ac.id)

## ABSTRACT

School dropouts from Generation Z in urban areas face a double challenge: limited access to formal education and limited opportunities for decent work. This research aims to develop a model mapping the interests, motivating factors, and barriers to entrepreneurship among Generation Z dropouts in Makassar, linking them to efforts to achieve Sustainable Development Goals (SDGs) 4 (Quality Education), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequalities). A mixed-methods approach was used to explore the perceptions, motivations, and barriers of 150 respondents through quantitative surveys and in-depth interviews. Initial findings suggest that primary motivations for entrepreneurship include economic necessity, independence, and social and environmental influences. Major barriers include limited capital, lack of managerial skills, and insufficient policy support. The resulting model provides strategic recommendations for inclusive economic empowerment, entrepreneurship skills training, and digital technology integration to accelerate achieving the 2030 SDG targets locally. These findings are expected to serve as a reference for policymakers, non-formal education institutions, and the private sector when designing effective, sustainable interventions.

**KEYWORDS:** Generation Z, School Dropouts, Entrepreneurship, Sdgs, Makassar, Economic Empowerment.

## 1. INTRODUCTION

The rapid global economic transformation in the digital age has created new opportunities and challenges for young people, particularly Generation Z [Heidi, A. (2022); Federico, B., et al. (2020); Maha, S., et al. (2025)]. In urban contexts such as Makassar, Indonesia, this generation often faces complex socio-economic realities. Among them, out-of-school youth constitute a vulnerable group, marginalized from the formal education system yet still needing to participate in productive economic activities [Yem, B. (2025); Zickafoose, A., et al. (2024); Hong, M. S. (2020)]. Entrepreneurship has emerged as a viable pathway for economic inclusion, enabling these young people to build livelihoods, contribute to the local economy, and develop self-reliance. However, various factors, both enabling and inhibiting, significantly influence the limited entrepreneurial engagement among Generation Z dropouts (Surugiu, C., et al., 2025).

Globally, the Sustainable Development Goals (SDGs) recognize the important role of youth entrepreneurship in achieving several targets, particularly SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities) [Saini, M., et al. (2023); Quaye, J.N.A., (2024)]. These goals collectively emphasize the importance of lifelong learning opportunities, productive employment, and reducing social and economic disparities. In this context, understanding the drivers and barriers to entrepreneurship among out-of-school youth is crucial for designing inclusive and sustainable development strategies.

Makassar, as one of Indonesia's fastest-growing cities, presents a unique case study due to its dynamic economic environment and significant proportion of young people outside the formal education system [Surya, B., et al. (2020)]. While some succeed in small-scale ventures driven by necessity, others face persistent barriers such as limited capital, inadequate entrepreneurial skills, and lack of access to supportive networks or markets [Emma & Lawrence (2025); Sah, et al. (2023)]. At the same time, social and cultural influences, peer motivation, and the proliferation of digital platforms are reshaping how young people view and pursue entrepreneurship.

The goal of this research is to develop a model mapping the interests, motivators, and barriers to entrepreneurship experienced by Generation Z school dropouts in Makassar, which is directly linked to achieving relevant SDGs. Using a mixed-methods approach, the research integrates quantitative surveys and qualitative interviews to

comprehensively understand the phenomenon. The findings are expected to contribute to evidence-based policymaking, strengthen community-based entrepreneurship programs, and promote inclusive digital strategies that enable marginalized youth to thrive in an evolving economy. By aligning local interventions with global development agendas, this research aims to advance youth empowerment and a broader vision of sustainable development.

### 1.2. Background

Makassar, as the capital of South Sulawesi Province, has a strategic position as a center of trade, services, and education in eastern Indonesia. The city is equipped with an international port, airport, and adequate connectivity network, making it a magnet for migration from various surrounding areas. According to data from Statistics Indonesia (BPS), Makassar's demographic structure is dominated by the productive age group, including Generation Z (born around 1997–2012), who are now beginning to enter the job market. However, the transition from the education sector to the workforce remains a significant challenge, particularly for Generation Z, who have dropped out of school [Timothy, S & Ishmael, A., 2025]. This situation demands innovative solutions to bridge the skills gap while fostering productive participation in the city's economic development.

The open unemployment rate among young people in Makassar is relatively higher than in other age groups. The contributing factors include low technical skills, limited digital literacy, and minimal work experience [Gayatri, G., Jaya, I. G. N. M., & Rumata, V. M. (2023)]. Generation Z dropouts face a double risk: on the one hand, they are hindered from entering the formal job market, and on the other hand, they are not yet skilled or networked enough to succeed in the entrepreneurial sector [Mărginean, A., (2021), Morris, M. & Tucker, R. (2021)]. This phenomenon has the potential to hinder the achievement of several Sustainable Development Goals (SDGs), particularly Goal 4 (Quality Education), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities). Entrepreneurship can be a strategic solution aligned with SDG 8.3 to promote policies for creating productive jobs, especially for vulnerable groups [Sehrish, S., et al. (2025), Mirjana, P. B., et al. (2023)]. However, to achieve this, improvements in digital literacy (SDG 4.4), inclusive access to capital (SDG 10.2), and strengthening of community-based business ecosystems are required.

Generation Z has unique characteristics as a

group that grew up in the digital technology era. However, some individuals in Makassar face the reality of dropping out of school due to economic limitations, family circumstances, or unequal access to education (Saraiva & Nogueiro, 2025). This situation leaves them vulnerable when it comes to accessing decent, sustainable employment. Entrepreneurial empowerment is a strategic way to enhance their economic independence and create job opportunities for the surrounding community (Poh, Y., Ng, et al., 2022; Kaouter, T., et al., 2024). Leveraging Makassar's potential as a distribution hub and economic center in eastern Indonesia has a dual impact: reducing unemployment rates and accelerating the achievement of the SDGs. This research focuses on mapping the drivers and barriers to entrepreneurship among out-of-school Generation Z in Makassar. This provides a foundation for formulating more effective and sustainable policies and program interventions. Thus, the novelty of this research is the comprehensive mapping of the drivers and barriers to entrepreneurship among out-of-school Generation Z in relation to the SDGs and

the development of a conceptual model based on local data from Makassar that reveals the gap between the digital potential of the younger generation and the reality of low digital literacy.

## 2. MATERIALS AND METHODS

### 2.1. Research Design

This research used a mixed-methods approach with a sequential explanatory design. This approach began with the collection and analysis of quantitative data to identify general patterns. Then, qualitative data were used to explore these patterns in greater depth and gain a more comprehensive understanding.

### 2.2. Time And Location Of The Research

This research was conducted in Makassar City, South Sulawesi, which was chosen because it has a high level of economic dynamism and a significant number of Generation Z school dropouts. Data collection was carried out during the period April–July 2025.

**Table 1: Data on Generation Z School Dropouts in Makassar City (2024–2025).**

Year	Age (years)	Male	Female	Total	Percentage (%)	Main Reasons among School Dropouts
2024	15–17	820	750	1,570	35%	Family finances (45%), low interest in school (25%), family reasons (20%), health (10%)
	18–20	700	650	1,350	30%	Family finances (40%), early marriage (30%), employment (20%), other (10%)
	21–23	530	510	1,040	23%	Employment (35%), tuition fees (30%), low interest (20%), health (15%)
	24–26	300	280	580	12%	Employment (40%), tuition fees (35%), other (25%)
	<b>Total 2024</b>	–	<b>2,350</b>	<b>2,190</b>	<b>4,540</b>	100%
2025	15–17	790	720	1,510	34%	Family finances (43%), low interest in school (27%), family reasons (20%), health (10%)
	18–20	720	670	1,390	31%	Family finances (38%), early marriage (32%), employment (20%), other (10%)
	21–23	550	500	1,050	23%	Employment (33%), tuition fees (32%), low interest (20%), health (15%)
	24–26	320	290	610	12%	Employment (38%), tuition fees (37%), other (25%)
	<b>Total 2025</b>	–	<b>2,380</b>	<b>2,180</b>	<b>4,560</b>	100%

Based on Table 1. Data on Generation Z school dropouts in Makassar City in 2024 and 2025, it can be seen that this phenomenon remains a serious challenge in the context of human resource development. In 2024, a total of 4,540 Generation Z individuals dropped out of school, with the largest

distribution occurring in the 15–17 age group (35%) and the 18–20 age group (30%). The primary reasons for dropping out in these two groups were dominated by family economic factors, low interest in continuing education, and early marriage. Meanwhile, the need for work and limited tuition

fees dominate the 21–26 age group's reasons for dropping out. By 2025, the number slightly increased to 4,560 individuals, indicating a relatively stagnant trend but showing no significant decline. The age distribution remained similar, with the 15–17 age group still the largest (34%), followed by 18–20 years old (31%). The reasons for dropping out of school remain consistent, although the proportion of economic factors has slightly decreased, replaced by an increase in the percentage of early marriage and high tuition fees. This pattern shows that the educational challenges faced by Generation Z in Makassar are closely linked to socio-economic conditions, culture, and access to higher education. The impact not only increases unemployment rates but also has the potential to hinder the achievement of Sustainable Development Goals (SDGs), particularly Goal 4 (Quality Education) and Goal 8 (Decent Work and Economic Growth). Therefore, strategic interventions that combine economic support, skills training, and educational motivation programs are crucial.

### **2.3. Population And Sample**

The research population was Generation Z (born between 1997 and 2012) who had dropped out of school and lived in Makassar. The quantitative sampling technique used purposive sampling with 150 respondents. For the qualitative stage, 15 key informants were selected who have experience or potential in entrepreneurship, including community leaders, young MSME actors, and empowerment program facilitators.

### **2.4. Research Instruments**

The quantitative instrument employed in this research was a structured questionnaire developed based on the adaptation of indicators from previous studies on entrepreneurial interest among young people (Juliana Salvadorinho *et al.*, 2024; Balgiu & Simionescu-Panait, 2024). This instrument was then adjusted to the context of Generation Z school dropouts in Makassar. To ensure the quality of the instrument, content validity was tested through consultation with experts in entrepreneurship and non-formal education. In addition, construct validity was tested using Exploratory Factor Analysis (EFA). The reliability of the instrument was assessed using Cronbach's Alpha, with results indicating a value of  $>0.70$  for all variables. This finding suggests that the instrument is suitable for use.

### **2.5. Data Collection Techniques:**

The data for this study was collected through two

procedures: face-to-face interviews and online interviews using digital questionnaires. These interviews were conducted from April to July of 2025 in Makassar City. The quantitative data collection process was facilitated by three enumerators who had undergone training to ensure comprehension of the instruments and the uniformity of the interview procedures. In the qualitative stage, in-depth interviews and focus group discussions (FGDs) were conducted by the principal investigator, accompanied by research assistants, to maintain consistency and depth of data exploration. To ensure the openness of respondents, the data collection process was carried out in a location that was comfortable for participants. The emphasis was placed on the absence of "right or wrong" answers, and participation was voluntary.

From a research ethics perspective, each respondent was given an informed consent form explaining the purpose of the research, the procedures, and the respondent's right to withdraw from participation at any time without consequences. The respondents' identities were kept confidential by using anonymous codes for all data, both quantitative and qualitative. All data were stored securely and exclusively accessed by the research team for the purpose of analysis. The implementation of this transparency was driven by the necessity to ensure that the research process was in accordance with ethical principles, thereby ensuring the credibility of the data and maintaining the trust of the respondents.

### **2.6. Data Analysis**

Quantitative data analysis was conducted using Exploratory Factor Analysis (EFA) because the main objective of this research was to identify latent factors that shape entrepreneurial interests and challenges in entrepreneurship for Generation Z school dropouts. The EFA was chosen to identify the dimensions underlying a number of indicators in the questionnaire, thereby enabling the construction of a more comprehensive conceptual model. Data feasibility was tested using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy with a result of  $>0.80$ , indicating that the sample was adequate, and Bartlett's Test of Sphericity with a  $p$ -value  $< 0.001$ , indicating significant correlations between variables. The criteria used in factor extraction were eigenvalue  $>1$  and factor loading  $\geq 0.50$  to ensure that the variables included were truly significant. This quantitative analysis was performed using SPSS version 26 so that transparency regarding the software could ensure the replicability of the

research.

The analysis of qualitative data was conducted using a thematic analysis approach that was based on the six-stage framework developed by Braun and Clarke. The six-step process of data analysis includes the following steps: (1) familiarization by rereading interview transcripts and field notes, (2) coding by identifying meaningful data segments, (3) theme development by grouping codes into initial themes, (4) reviewing themes to assess the suitability of themes with the data, (5) defining and naming themes so that each theme has a clear conceptual meaning, and (6) reporting by compiling a narrative of the analysis results accompanied by direct quotes from respondents. In the interest of maintaining trustworthiness, a triangulation process was employed, entailing the comparison of quantitative and qualitative data. Additionally, member checks were implemented, whereby findings were confirmed by multiple respondents. An audit trail was meticulously prepared in the form of systematic analysis notes, ensuring the transparency and reproducibility of the research outcomes.

**3. RESULTS AND DISCUSSION**

**Exploratory Factor Analysis (EFA) Results**

An exploratory factor analysis (EFA) was conducted to identify the latent dimensions influencing entrepreneurial interest and the challenges faced by Generation Z school dropouts in Makassar. Prior to factor extraction, the adequacy of the data was tested using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity. The results of these tests showed a KMO value of 0.843, which falls into the "very good" category (>0.80). This indicates that the sample size was adequate for factor analysis. Bartlett's test yielded a chi-square value of 1,254.67, df = 120, and p < 0.001, indicating that the correlation between the variables was significant and suitable for further extraction. The extraction method used was principal component analysis (PCA) with varimax rotation. Based on the criterion that eigenvalues must be greater than 1, four main factors were obtained that cumulatively explained 72.84% of the total variance. These factors were identified as:

1. Internal motivating factors: motivation, personal interest, self-confidence, and creativity.
2. External motivating factors: family support, social networks, market opportunities, and training.
3. External barriers: capital constraints, access to permits, and regulations.

4. Internal barriers: lack of management skills and fear of risk

**Table 2: Matrix Loading Factor (Rotation Varimax).**

Variables	Factor 1 (Internal Motivators)	Factor 2 (External Motivators)	Factor 3 (External Barriers)	Factor 4 (Internal Barriers)
Personal motivation	0.842	0.215	0.122	0.095
Interest in entrepreneurship	0.826	0.198	0.101	0.143
Self-confidence	0.794	0.183	0.165	0.209
Creativity	0.773	0.251	0.118	0.202
Family support	0.241	0.851	0.176	0.112
Social network	0.218	0.837	0.141	0.196
Market opportunities	0.154	0.812	0.235	0.142
Access to training	0.198	0.796	0.192	0.171
Limited capital	0.132	0.211	0.862	0.157
Difficulties in obtaining business licenses	0.154	0.196	0.841	0.178
Regulatory barriers	0.175	0.218	0.823	0.192
Lack of management skills	0.201	0.182	0.183	0.854
Fear of risk	0.178	0.175	0.196	0.831

*Note: Factor loadings ≥ 0.50 are considered significant.*

Table 2. Shows the results of EFA analysis conducted on the variables of interest and challenges in entrepreneurship among Generation Z school dropouts in Makassar. Three main factors were obtained that explain the data structure with Eigenvalue > 1 and Total Variance Explained of 72.83%. This shows that the three factors are able to explain more than 70% of the data variation, which is statistically sufficient. Factor 1 - Internal Motivators and Personal Motivation. This factor includes variables with high loadings on personal motivation, creativity, risk-taking, and future orientation. This indicates that entrepreneurial interest among Generation Z dropouts is significantly influenced by internal factors, such as the desire for independence, self-confidence, and the drive to improve living conditions. The high loading on creativity also indicates that innovation plays a crucial role in shaping entrepreneurial interest. Factor 2 - External Support Factors and Access to Resources. This factor groups variables related to family support, access to capital, entrepreneurship training, and government policy support. This interpretation shows that the success of entrepreneurship among the target group is highly dependent on the supporting ecosystem, whether in the form of financial assistance or skill

development. The role of the government and local business communities also plays a significant role as a motivator. Factor 3 – Structural Barriers and External Challenges. This factor consists of market barriers, business competition, marketing network limitations, and lack of digital literacy. This factor reflects the challenges faced by Generation Z dropouts, particularly in relation to limited access to markets and technology. The high level of these barriers can reduce the likelihood of entrepreneurial success if not addressed with the right strategies. Overall, the results of this EFA provide an overview that the success of entrepreneurial empowerment for out-of-school Generation Z in Makassar not only requires strengthening individual motivation but also a strong supporting ecosystem and mitigation of external barriers. These findings align with the objectives of the SDGs, particularly SDG 4, SDG 8, and SDG 10, in creating inclusive education and training, decent job opportunities, and reducing economic inequality.

### **3.1. Qualitative Analysis Results And Integration Of Findings**

Qualitative data analysis in this research was conducted using a systematic and layered thematic analysis approach, following the six main stages outlined by Braun and Clarke. The first stage is familiarization, in which the researcher reads and understands the data in depth, both interview transcripts and field notes, to obtain a complete picture of the respondents' experiences. The second stage is generating initial codes, which is the process of identifying important pieces of information related to the research focus, such as respondents' statements about motivation, social support, or the obstacles they face. In the third stage, the researcher groups these codes to form broader initial themes. The fourth stage is reviewing themes, which is done by reviewing the suitability of the themes with the raw data to ensure that the themes produced truly reflect the reality in the field. In the fifth stage, researchers define and name the themes so that each theme has a clear conceptual meaning and is relevant to the theoretical framework used. The sixth stage is the preparation of a narrative report, where the analysis results are presented in a structured manner, accompanied by direct quotes from respondents to maintain data authenticity. Qualitative data sources come from in-depth interviews with 15 Generation Z respondents who dropped out of school in Makassar, selected purposively because they have direct experience or a strong interest in entrepreneurship. The diverse characteristics of the respondents,

including the type of business, family background, and level of digital literacy, enrich the findings and enable the researcher to explore the internal and external dynamics influencing their interests and challenges. Through this thematic analysis process, three interrelated major themes were identified, contributing significantly to understanding the mindset, behavior, and obstacles faced by Generation Z dropouts when entering or intending to enter the world of entrepreneurship.

The first theme, Motivation and Entrepreneurial Identity, reveals that most respondents were motivated to become entrepreneurs because of their desire for financial independence, to reduce their family's economic burden, and to prove themselves to their social environment. The courage to take risks, resilience in the face of initial failure, and creativity in seeing and exploiting business opportunities are the distinguishing factors between those who persevere and those who give up. Theme Two. Social Support and Access to Opportunities. This theme shows that early success is often influenced by a strong social network, the role of mentors or local figures who provide guidance, and the availability of community-facilitated training. Respondents who received capital assistance or access to entrepreneurship learning spaces felt more confident and able to develop their businesses more quickly. The third theme, Structural Barriers and Digital Literacy, describes the real challenges faced by respondents, such as limited access to online marketing, lack of technological skills, high initial costs, and insufficient knowledge of government policies and assistance programs. These barriers often slow down business development and reduce motivation. Integrating these qualitative findings with quantitative results through Exploratory Factor Analysis (EFA) yields the Conceptual Model of Entrepreneurial Interest and Challenges among Out-of-School Generation Z. This model emphasizes that entrepreneurial interest is not only influenced by internal motivators such as motivation and creativity but also requires external support in the form of access to capital, guidance, and training. At the same time, structural barriers such as low digital literacy and market limitations must be addressed strategically. Therefore, empowering Generation Z dropouts requires a holistic approach that combines individual capacity building, the development of a supportive ecosystem, and policies that reduce structural barriers. This approach is not only relevant to the context of Makassar but can also serve as an applicable intervention model in other regions facing similar challenges.

### 3.2. Thematic Analysis Of Interviews

Based on in-depth interviews with 15 Generation Z respondents who dropped out of school in Makassar, three main themes were identified that form the framework for understanding their interests and challenges in entrepreneurship: Theme 1 – Motivation and Entrepreneurial Identity. Many respondents revealed that their decision to become entrepreneurs stemmed from a desire for economic independence and a search for self-identity. They view entrepreneurship not merely as a means of earning money, but also as a way to prove themselves. As R1 (21 years old) stated: “I dropped out of high school due to my family’s financial situation. But I didn’t want to just stay at home. I started selling trendy drinks through Instagram. It feels good to earn money on my own without asking my parents. I want to prove that I can succeed without having to work in an office.” Another respondent, R4 (23 years old), emphasized that the courage to take risks is an important asset: “At first, I was afraid of failing. But I thought that if I didn’t try, I wouldn’t know. I saw a big opportunity in the custom t-shirt business in Makassar, especially with the unique designs I create myself. Even with a small budget, I believe creativity can make up for the lack of capital.” This motivation is often combined with self-learning efforts, as experienced by R7 (19 years old): “My friends said I was reckless for starting a laundry business without any experience. But I learned from YouTube and attended short training sessions.” For me, this business is not just about money. It is also about my identity as an independent person.” Theme 2 – Social Support and Access to Opportunities. The entrepreneurial journey of the respondents was greatly influenced by social support, both from family and community networks. This support could take the form of facilities, encouragement, or access to funding opportunities. R2 (22 years old) said: “If it weren’t for my family’s support, I might have given up. My parents couldn’t help much with capital, but they gave me encouragement and lent me their porch to sell coffee.” Meanwhile, R6 (20 years old) leveraged a young SME community: “I joined a young SME community in Makassar. There, I found a mentor who taught me how to write a business proposal. Eventually, I received capital assistance from a local government program. This network is extremely important.” A similar experience was shared by R11 (24 years old): “I used to think that running a business was just about selling products. But after participating in training at a local community, I learned the importance of branding, customer

service, and online marketing. From there, my business started to grow.” Theme 3 – Structural Barriers and Digital Literacy. Despite having high motivation, many respondents faced structural barriers, particularly related to limited digital literacy and access to technological infrastructure. R3 (18 years old) shared: “I actually wanted to sell online, but I was confused about how to use it. I wanted to learn, but internet data is expensive and the signal at home is poor.” R8 (21 years old) highlighted the issue of initial capital for digitalization: “If you want to enter a marketplace, they say you need a bank account and good product photos. All of that requires more capital. So I’m still selling through word of mouth.” Additionally, R13 (23 years old) emphasized information barriers: “I only recently found out about assistance programs for young entrepreneurs, but the information reached me too late. Many friends also didn’t know because there was no clear outreach.” Furthermore, these three themes indicate that the entrepreneurial interest of Generation Z dropouts in Makassar is shaped by a combination of personal motivation, social support, and structural challenges. Family and community support can serve as a catalyst, while limitations in digital literacy and access to opportunities pose significant barriers. An effective intervention model must be able to strengthen motivation, expand support networks, and address technological and informational barriers.

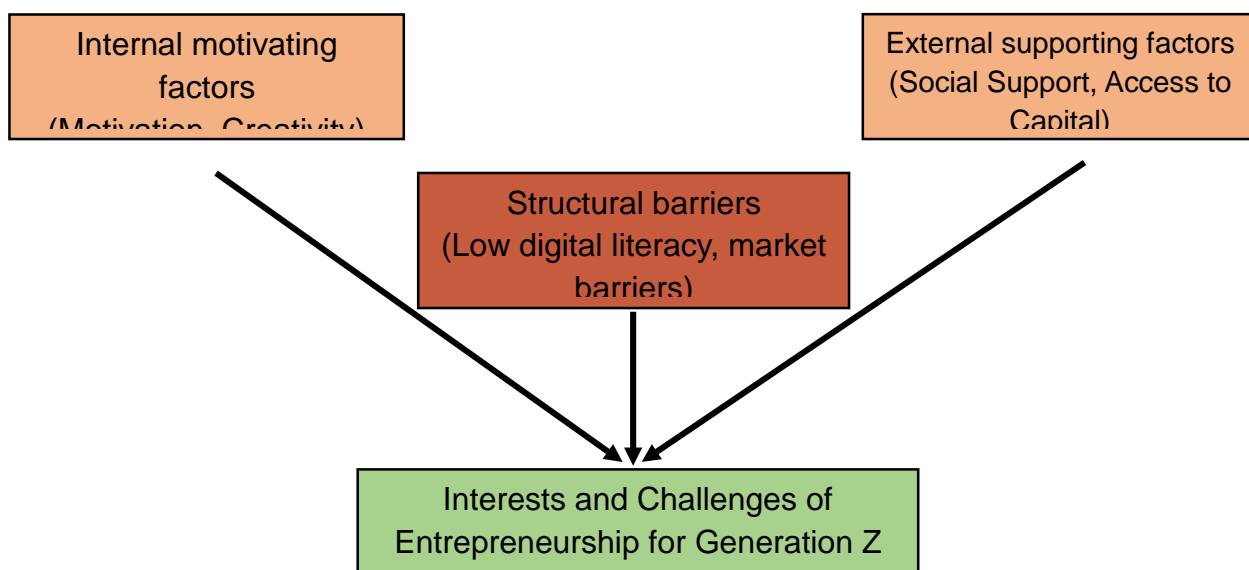


Figure 1: Conceptual Model Of Interest And Challenges In Entrepreneurship Among Generation Z School Dropouts.

Figure 1. Shows the conceptual model developed in this research, representing the interrelationship between motivating factors, supporting factors, and inhibiting factors in forming entrepreneurial interest and challenges among Generation Z school dropouts in Makassar. This model also integrates the Sustainable Development Goals (SDGs) framework as the basis for program sustainability. First, internal motivating factors emerge as intrinsic individual drives for entrepreneurship. Quantitative exploration through exploratory factor analysis revealed that economic needs, the desire to help family, and confidence in digital skills are dominant elements. These motivations directly influence entrepreneurial intent, particularly among respondents facing limited formal employment opportunities. Second, external supporting factors stem from social environments and technology access. Family and community support, peer influence, and the availability of e-commerce platforms and social media are key elements that reinforce internal motivation. These factors act as enablers that facilitate market access, expand

networks, and increase business exposure. Third, structural barriers are identified as significant obstacles in realizing entrepreneurial intentions. Limited capital, lack of business experience, and regulatory barriers are the main challenges hindering the transformation of interest into sustainable businesses. The integration of qualitative findings through thematic analysis enriches the quantitative results, where respondents' narratives emphasize the importance of training, mentoring, and access to microfinance to overcome these barriers. Furthermore, this model is linked to the achievement of the SDGs, particularly SDG 4 (Quality Education) through the strengthening of non-formal education, SDG 8 (Decent Work and Economic Growth) by creating decent jobs through youth entrepreneurship, and SDG 10 (Reduced Inequalities) through the reduction of economic disparities in vulnerable groups. Thus, this conceptual model not only maps current conditions but also provides a strategic framework for sustainable policy interventions.

Table 2: Integration With The Conceptual Model Of Interest And Challenges In Entrepreneurship Among Generation Z School Dropouts.

Main Theme	Initial Codes	Narrative Description	Interview Quotes (Verbatim)	Relevance to Conceptual Model
1. Motivation and Entrepreneurial Identity	<ul style="list-style-type: none"> <li>- Desire for financial independence</li> <li>- Freedom from family burdens</li> <li>- Proving one's abilities</li> <li>- Courage to take risks</li> </ul>	Respondents expressed a strong desire to start a business to achieve independence and prove themselves. The courage to take creative risks became the difference	"I want to prove to my parents that I can make a living on my own. I don't want to ask for money anymore."	<b>Internal Factors (Motivators)</b> – Strengthening the dimensions of motivation and creativity in the conceptual model.

	<ul style="list-style-type: none"> <li>- Creativity</li> </ul>	between those who persevered and those who gave up.	<i>"If I have an idea, I immediately try to sell it, even if I sometimes lose money."</i>	
2. Social Support and Opportunity Access	<ul style="list-style-type: none"> <li>- The role of family</li> <li>- Mentoring &amp; training</li> <li>- Capital assistance</li> <li>- Entrepreneurial community</li> <li>- Increased self-confidence</li> </ul>	Support from family, mentors, and the community accelerates learning. Social capital increases the chances of business growth.	<i>"When I first started the business, my sister helped me with capital and taught me how to promote on Instagram."</i> <i>"In the community, I learned how to make attractive product packaging."</i>	<b>External Factors (Supportive)</b> – Strengthening the dimensions of social support and access to capital in the conceptual model
3. Structural Barriers and Digital Literacy	<ul style="list-style-type: none"> <li>- Limited market access</li> <li>- Low understanding of technology</li> <li>- High start-up costs</li> <li>- Lack of information on government assistance</li> </ul>	Structural barriers such as limited online marketing and low digital literacy are significant obstacles. The lack of information about assistance programs exacerbates the situation.	<i>"I want to sell online, but I don't know how to set up a store on a marketplace."</i> <i>"The capital is expensive, especially if you want to create your own brand."</i>	<b>External Factors (Barriers)</b> – Reinforcing structural barriers and low digital literacy in the conceptual model.

Table 2. Shows the results of the interviews categorized into thematic tables. The interest in entrepreneurship among Generation Z school dropouts in Makassar can be understood through three main groups of factors, namely internal factors, supporting external factors, and inhibiting external factors. Internal factors stem from strong personal motivations, such as the desire for financial independence, creativity in creating or modifying products, and the courage to take risks despite the potential for loss. This motivation is often rooted in the desire to prove one's ability to survive without relying on others, thereby fostering a spirit of trying new ideas and not easily giving up. Supportive external factors include the role of family, access to capital, and support from the community or business networks. Some respondents reported receiving initial capital assistance from siblings or parents, while others utilized loans from cooperatives or local financial institutions. The presence of business communities also serves as an important source for skill development, such as learning packaging techniques or product marketing. This external support functions as a foundation during the initial stages of starting and developing a business. However, external barriers also significantly influence the process. Structural barriers such as limited market access outside the Makassar region pose challenges that restrict business growth. Low digital literacy makes it difficult for some respondents to utilize online platforms for product marketing. Additionally, the lack of information regarding government assistance or training programs prevents optimal utilization of business development opportunities. These three groups of factors interact to shape the dynamics of entrepreneurial interest and challenges. Internal motivation can strengthen resilience against

obstacles, while external support can accelerate business development if accompanied by the ability to overcome structural limitations and digital literacy. This conceptual model emphasizes that the success of Generation Z entrepreneurship among school dropouts does not solely depend on personal motivation but also on the ability to leverage environmental support and overcome existing obstacles.

#### 4. DISCUSSION

This research reveals that the interest and challenges in entrepreneurship among Generation Z school dropouts in Makassar are influenced by three main dimensions: internal motivating factors, external supporting factors, and structural inhibiting factors. The results of Exploratory Factor Analysis (EFA) show that internal motivating factors include personal motivation, creativity, and independence orientation; external supporting factors include family support, access to networks, and availability of resources; while structural inhibiting factors include capital limitations, lack of technical skills, and bureaucratic barriers. The results of qualitative analysis through thematic analysis enrich the findings, network access, and resource availability; while structural barriers include capital constraints, lack of technical skills, and bureaucratic obstacles. Qualitative analysis through thematic analysis enriches the quantitative findings with narratives indicating that most respondents view entrepreneurship as an opportunity to overcome educational limitations. However, structural barriers often lead them to choose low-risk informal jobs. Integrating these two results yields a conceptual model that positions internal and external factors as enablers of interest, while structural barriers act as variables hindering the realization of that interest

into concrete action.

Internal motivators are at the core of entrepreneurial interest. Personal motivation, for example, stems from a strong desire for economic independence and to be one's own boss. This finding aligns with research by Juliana Salvadorinho *et al.* (2024), which emphasizes that intrinsic motivation is a significant predictor of entrepreneurial intent among young people. Creativity distinguishes Generation Z from previous generations, particularly in the use of digital technology to develop business ideas [Chang, C.-W., & Chang, S.-H. (2023). Krishna, S. M., & Agrawal, S. (2025). Onjewu, A.-K. E., *et al.* (2024)]. Independence orientation is also a dominant factor, indicating that despite low formal education levels, the drive to not depend on others is quite strong. However, this orientation is often hindered when managerial skills and financial literacy are inadequate. Therefore, interventions that enhance self-efficacy and practical business skills can strengthen this factor.

External supporting factors in this study were dominated by the role of family, social networks, and access to resources. Family support acted as social capital that influenced risk perception and the courage to start a business. Research by José Afonso Guerra Fernandes *et al.* (2025) and Clavis Nwehfor Fubah (2025) shows that family support not only provides financial assistance but also serves as a source of social legitimacy for entrepreneurs. Access to business networks and communities in Makassar offers opportunities for collaboration, idea exchange, and collective learning. Respondents connected to entrepreneurial communities showed higher interest in starting a business. Additionally, the availability of resources such as technology and digital-based training serves as a significant catalyst, especially in the post-COVID-19 digital economy era.

Despite high entrepreneurial interest, structural barriers remain significant obstacles. Limited capital was cited by the majority of respondents as the primary barrier. Limited access to formal financing institutions forces them to rely on family loans or small personal capital. Lack of technical and managerial skills is the next major barrier. Many respondents stated that they had difficulty managing business administration, digital marketing, and simple financial record-keeping. Bureaucratic barriers, such as the complexity of the business licensing process, also affect the interest in legally establishing a business. These findings confirm previous research by Jenri MP Panjaitan, *et al.* (2021), which emphasized that structural barriers are a significant factor hindering the growth of MSMEs in

Indonesia.

The findings of this research are relevant to several Sustainable Development Goals (SDGs), including: SDG 4 (Quality Education): Although respondents dropped out of school, strengthening vocational skills and entrepreneurship training can be an alternative educational solution. SDG 8 (Decent Work and Economic Growth): Entrepreneurship can create jobs and increase income, thereby reducing youth unemployment. SDG 10 (Reduced Inequalities): Empowering young entrepreneurs from vulnerable groups can reduce economic disparities. SDG 17 (Partnerships for the Goals): Strengthening networks between business communities, NGOs, and governments supports the achievement of sustainable development goals. Thus, the conceptual model developed can serve as a policy framework for local governments to empower out-of-school youth through entrepreneurship, in line with the SDG framework.

These findings align with the Theory of Planned Behavior (Ajzen, 1991), which emphasizes that entrepreneurial intent is influenced by attitudes, subjective norms, and perceived behavioral control. [Balgiu, B. A., & Simionescu-Panait, A. (2024)]. Internal motivating factors can be linked to positive attitudes toward entrepreneurship, while external supporting factors are related to subjective norms and social support. Structural barriers reflect low perceived behavioral control, which implies a low level of realization of the intention to become an entrepreneur. Compared to international studies, the characteristics of Generation Z in Makassar show uniqueness: despite limited formal education, their ability to adapt to digital technology is quite high. This provides opportunities for digital platform-based interventions for training and marketing.

The results of this research have several practical implications: 1. Development of Targeted Training Programs: Technical, managerial, and digital marketing skills training tailored to the educational background of participants. 2. Easy Access to Microfinance: Unsecured microcredit schemes with ongoing business assistance. 3. Strengthening Entrepreneurial Communities: Establishing entrepreneurship hubs at the sub-district level to expand networks and collaboration opportunities. 4. Simplifying Licensing: Local policies to streamline the registration of technology-based micro-enterprises (online single submission). If implemented, these policies will not only increase entrepreneurial interest but also reduce structural barriers, thereby directly impacting the achievement of the SDGs.

Overall, this research confirms that the entrepreneurial interest of Generation Z dropouts in Makassar cannot be separated from the interaction of internal factors, external support, and structural barriers. The conceptual model developed shows that strengthening driving and supporting factors while minimizing barriers is a key strategy for creating sustainable young entrepreneurs. This empowerment not only impacts individuals but also regional economic growth and SDG achievement. Therefore, synergy between the government, private sector, community, and non-formal educational institutions is key to the successful implementation of this strategy.

## 5. CONCLUSION

This research produced a conceptual model that describes the entrepreneurial interests and challenges of Generation Z school dropouts in Makassar by integrating the perspectives of the Sustainable Development Goals (SDGs), specifically SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities). Quantitative analysis using Exploratory Factor Analysis (EFA) identified three main dimensions influencing this phenomenon: internal motivating factors, external supporting factors, and structural barriers. Internal motivating factors include personal motivation, the desire to achieve financial independence, creativity, and future orientation, which serve as the primary driving forces for them to start a business despite their limited formal education. External supporting factors include family support, social networks, access to digital information, and local market opportunities that help create space for them to develop business ideas. Conversely, structural barriers include capital constraints, lack of technical skills, limited entrepreneurship training, and the complexity of bureaucratic licensing processes, which have the potential to hinder the sustainability and success of the businesses they operate. Qualitative analysis through thematic analysis reinforces quantitative findings by revealing narratives that entrepreneurial motivation in this generation often stems from life experiences that demand independence from an early age, while real barriers such as social stigma toward dropping out of school, limited ongoing support, and lack of mentoring pose serious challenges they face. The integration of these two approaches forms a conceptual model that positions the interaction between internal motivation, external support, and structural barriers as the primary determinants of

entrepreneurial success among Generation Z dropouts. This model emphasizes that effective empowerment programs must focus on three key strategies: first, strengthening individual capacity through reskilling and upskilling to enhance entrepreneurial competencies; second, creating and strengthening a support ecosystem involving families, communities, non-formal educational institutions, and industry stakeholders; third, policy reforms to facilitate access to capital, training, and simplify business licensing procedures. With the right strategies, School dropouts from Generation Z in Makassar have significant potential to become agents of change capable of driving inclusive and sustainable economic growth while reducing socio-economic inequality. This research not only provides a deep understanding of the dynamics of entrepreneurial interest and challenges among this generation but also offers practical guidance for governments, NGOs, training institutions, and the private sector to design effective, adaptive, and sustainable interventions in promoting economic independence and empowering vulnerable young people in the digital economy era.

The weaknesses and limitations of this research lie in the scope of the sample, the data collection methods, and the limitations of the variables analyzed. First, this research only involved Generation Z respondents who had dropped out of school in the Makassar City area, so the results cannot be generalized to other regions with different socioeconomic and cultural characteristics. Second, the collection of quantitative and qualitative data largely relies on self-reports, which may be influenced by perceptual biases or respondents' tendency to provide answers considered socially desirable (social desirability bias). Third, this research has not fully explored external macro factors such as national government policies, global economic trends, and the dynamics of the digital industry that may influence entrepreneurial interest and challenges. Therefore, further research with a broader scope, longitudinal design, and more diverse variables is needed to strengthen these findings.

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