

# THE IMPACT OF FINANCIAL LITERACY ON UNDERGRADUATES' ENTREPRENEURIAL INTENTION: THE MEDIATING ROLE OF RISK-TAKING PROPENSITY

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## Abstract

Understanding the factors shaping entrepreneurial behaviour among undergraduates has gained increasing momentum in recent decades. In particular, a growing body of research is recognizing financial literacy as a potential key driver of entrepreneurship. Although recent research has shown that financial literacy influences the likelihood of becoming an entrepreneur, the prior but fundamental step, namely the relationship between financial literacy and entrepreneurial intention, has been largely ignored. Moreover, previous literature focusing on such topic has overlooked two of the three key dimensions that constitute financial literacy, financial behaviour and financial attitude, focusing solely on the individual's financial knowledge. Therefore, we investigate the financial literacy-entrepreneurial intention link through the mediating role of risk-taking propensity considering, for the first time, the multidimensional nature of financial literacy. This objective is addressed by applying covariance-based structural equation models to a sample of 568 undergraduates from three different Spanish universities. The findings point to the strong positive effect of financial behaviour on entrepreneurial intention both directly and indirectly, as well as the indirect effect of financial knowledge in a positive way and financial attitude in a negative way through the risk-taking propensity. The results underline the importance of financial literacy and risk-taking propensity as a potential channel to strengthen university entrepreneurship.

**Keywords:** Entrepreneurial intention, financial literacy, risk-taking propensity, undergraduates.