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## The Contribution of Authoritative Parenting Style to Entrepreneurial Preparedness: Mediated by Risk Tolerance, Self-Efficacy, and Creativity

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**Abstract:** This study aims to investigate the relationship between authoritative parenting and entrepreneurial preparedness, with risk tolerance, self-efficacy, and creativity as mediating factors. Parenting styles play a significant role in shaping children's behavior, including nurturing their entrepreneurial spirit from an early age. The study involved a sample of 296 respondents. IBM AMOS version 23 was employed for hypothesis testing. Additionally, a sobel-test calculator was utilized to examine mediation. Ultimately, the results support all nine proposed hypotheses, providing valuable insights into the relationship between authoritative parenting, risk tolerance, self-efficacy, creativity, and entrepreneurial preparedness. The findings confirm several key aspects that researchers initially hypothesized. First, authoritative parenting has a positive and significant impact on risk tolerance, self-efficacy, and creativity. Second, risk tolerance, self-efficacy, and creativity have positive and significant effects on entrepreneurial preparedness. Furthermore, the results indicate that risk tolerance, self-efficacy, and creativity mediate the relationship between authoritative parenting and entrepreneurial preparedness. The findings of this research demonstrate that authoritative parenting can influence children's character development, leading to higher levels of creativity, self-confidence, and risk tolerance traits essential for entrepreneurs.

**Keyword:** authoritative parenting, risk tolerance, self-efficacy, creativity, entrepreneurial preparedness.

### INTRODUCTION

Entrepreneurship is gaining popularity in Indonesia, especially among young people (Mahmood, Mamun, & Ibrahim, 2020). They compete to express their creative ideas through innovative businesses and aim to compete in both domestic and international markets. Consequently, the role of the government becomes crucial in supporting entrepreneurship programs in Indonesia, ultimately leading to the improvement of the nation's economy through innovation and job creation. The government has implemented various programs

with the hope of fostering an entrepreneurial spirit among Indonesian society (Liu, Zhu, Serapio, & Cavusgil, 2019). Despite the development of entrepreneurship as a profession in Indonesia and the emergence of many successful young entrepreneurs, the country still struggles to compete internationally. This is evident from the relatively low percentage of entrepreneurs in Indonesia, which stands at around 3.47 percent). This figure places Indonesia at the lowest position compared to Malaysia (4.74 percent), Thailand (4.26 percent), and Singapore (8.76 percent) (Kominfo, 2020).

One of the factors contributing to the low interest of Indonesian society in entrepreneurship is the mindset that favors seeking employment rather than pursuing a career as an entrepreneur. Additionally, the Indonesian education system does not emphasize entrepreneurship from an early age, which hinders the development of entrepreneurship in the country. Therefore, it is important to educate children about entrepreneurship early on so that individuals are better prepared to enter the business world. Entrepreneurial learning and personal development in the business field can be achieved through diverse methods, including experiences within one's living environment (Combs, Shanine, Burrows, Allen, & Pounds, 2020). When considering the concept of entrepreneurial learning that individuals acquire from an early age to prepare them for entering the business world, it is referred to as entrepreneurial preparedness (EP). Preparedness is defined as an individual's state of readiness to engage in entrepreneurship (C. L. Wang & Chugh, 2014). According to Rakićević and Jovana (2022), entrepreneurs perceive preparedness as encompassing resources such as skills, understanding, and experience in the realm of entrepreneurship. The willingness to acquire and accumulate diverse knowledge, skills, and experiences has fostered individuals' preparedness to venture into entrepreneurship (C. L. Wang & Chugh, 2014). When presented with an opportunity, they promptly respond by utilizing the resources gained through learning and the experiences passed down from generation to generation (Muñoz, Kimmitt, Kibler, & Farny, 2019). Essentially, individuals with an entrepreneurial mindset naturally equip themselves to tackle the various possibilities that may arise in the future.

In the entrepreneurship literature, preparedness has been discussed within the context of entrepreneurship learning (EL) and is considered to consist of four distinct components: backward, inward, outward, and forward (Pittaway & Thorpe, 2012). These components enable entrepreneurs to look back, reflect on their experiences while looking inward to assess their readiness to start a venture (Edwards, Miles, D'Alessandro, & Frost, 2023). Furthermore, entrepreneurs also need to look outward to engage and interact with the external environment while looking forward to envision how their venture can succeed (Muñoz, Janssen, Nicolopoulou, & Hockerts, 2018; Muñoz et al., 2019). Although entrepreneurial preparedness (EP) is an important and intriguing concept, it has unfortunately received limited attention from researchers. Therefore, this study aims to focus on the construct of preparedness to analyze in-depth how EP can be formed.

Parenting style plays an important role in a child's behavioral development. One proven successful parenting style in raising children is authoritative parenting (Baumrind, 1991). Authoritative parenting refers to the context of parental behavior that provides support and guidance while allowing autonomy for the child (Schmitt-Rodermund, 2004). Schmitt-Rodermund conducted research on pathways to successful entrepreneurship, which consists of parenting, personality, early entrepreneurial competence, and interests. The results of the study found that the authoritative parenting style is closely related to entrepreneurial competence (Schmitt-Rodermund, 2004). This entrepreneurial competence positively influences a child's interest in entrepreneurship. Studies conducted by Laible et al. (2017) and C. S. T. Wu et al. (2016) claim that children raised by authoritative parents tend to be independent, socially accepted, academically successful, and exhibit good behavior with

good emotional control. Therefore, the role of parents in understanding their child's behavior needs to be examined based on an authoritative parenting style, making them more prepared to start a business.

Uncertainty is a fundamental aspect of the business world, and entrepreneurs must take into account their capacity to handle risk (Ahmed, Khattak, & Anwar, 2022). The concept of risk tolerance is described as the consequences, both positive and negative, that individuals are willing to accept and undertake. Each person possesses a distinct level of risk tolerance (Ahmed et al., 2022). As a result, individuals will have different approaches when faced with risk. The risk-taking behavior of entrepreneurs can lead to either success or failure, depending on how they assess the risks. Therefore, an entrepreneur must be able to assess risks by evaluating the benefits and drawbacks of taking such risks.

An entrepreneur who seeks success must have faith in their own abilities (Ding et al., 2018; L. Wu, Jiang, Wang, Yu, & Wang, 2022). In the context of entrepreneurship, this ability relates to an individual's belief in ensuring that the necessary tasks can be accomplished effectively (Bandura & Walters, 1977). This concept is known as entrepreneurial self-efficacy, and it determines whether an entrepreneur's business goals will be achieved or not. In other words, the higher an individual's level of self-efficacy, the more prepared they will be to start a business. This viewpoint is supported by research conducted by Soomro and Shah (2022), who found that entrepreneurial self-efficacy has a significant and positive influence on entrepreneurial intentions. Therefore, entrepreneurial self-efficacy needs to be instilled in every individual who wishes to venture into the world of entrepreneurship.

In the current highly competitive global business landscape, the importance of creativity has significantly increased. Creativity involves novelty and innovation, and individuals with creative minds are better able to articulate innovative ideas, ultimately leading to entrepreneurial intentions (C. Wang, Mundorf, & Salzarulo-McGuigan, 2022). This implies that creativity can act as a catalyst for significant ideas, opening up new business opportunities and generating a competitive advantage for their ventures (Bilton, 2010). Therefore, creativity can be considered a valuable attribute possessed by individuals, which stimulates the development of entrepreneurial intentions among young people in Indonesia by enhancing their awareness and capabilities in entrepreneurship, such as opportunity, identification and exploitation.

Several studies have examined the role of authoritative parenting and its influence on risk tolerance, entrepreneurial self-efficacy, and creativity. Tam, Chong, Kadirvelu, and Khoo (2012) investigated parenting styles and their impact on adolescent psychological development. The research findings indicated that authoritative parenting contributed 12.8% to students' self-efficacy, while the direct influence of parenting style on adolescent psychological development was not significantly proven. This implies that the influence of parenting style becomes significant when associated with self-efficacy. Furthermore (Dong et al., 2022) examined the relationship between parenting styles and creativity. Their study revealed a positive correlation between an authoritative parenting style, particularly from mothers, and the creativity of their children. This suggests that authoritative parenting can influence a child's mood, which in turn supports their academic success and psychological growth. Similar results were also found by Combs et al. (2020); Shanine, Madison, Combs, and Eddleston (2022), who discovered a positive correlation between authoritative parenting and child adjustment. They also claimed that parental self-control skills were positively correlated with authoritative parenting. However, these findings contrast with the results reported by Fletcher, Walls, Cook, Madison, and Bridges (2008), who found a negative relationship between an authoritative maternal parenting style and child adjustment. Similar findings were also observed by Wang, Cao, and Lin (2023) in their study, which found a

significant negative relationship between adolescents' perception of authoritative parenting practices and their intention to engage in delinquent behavior. This suggests that authoritative parenting does not always have a positive impact on children's behavior. Several previous research findings indicate inconsistencies regarding the influence of authoritative parenting and psychological effects on child development, highlighting an intriguing gap for further investigation.

In a study by Irawan, Purwandari, Ratu, Khoirudin, and Iskandar (2023) it was discovered that there exists a positive and significant relationship between an individual's risk tolerance and their inclination to start a business venture. This finding is supported by Putra (2018), who argues that risk tolerance and self-efficacy collectively have a positive and significant impact on the entrepreneurial interest of young individuals. Consequently, individuals with higher levels of risk tolerance and self-efficacy are more predisposed to embark on entrepreneurial endeavors. Moreover, a strong association exists between elevated levels of creativity and individuals' preparedness to engage in entrepreneurship.

Previous research findings indicate that there are several factors that can influence entrepreneurial preparedness. Although the relationships between authoritative parenting, risk tolerance, self-efficacy, and creativity have been extensively studied, there has been no direct research linking them to entrepreneurial preparedness. Most previous studies have only connected risk tolerance, self-efficacy, and creativity to entrepreneurial intention. This makes the topic of entrepreneurial preparedness intriguing for further investigation. Consequently, the researcher aims to delve deeper into the relationships between risk tolerance, self-efficacy, creativity, and entrepreneurial preparedness, with the expectation that this study will provide insights into the positive influence of risk tolerance, self-efficacy, and creativity on entrepreneurial preparedness.

SCT, derived from the Social Learning Theory (SLT), is a theory developed by Albert Bandura. It distinguishes itself by emphasizing external and internal social influences, as well as social reinforcement. This theory presents a framework that consists of three interconnected relationships involving the individual, the environment, and behavior. SCT posits that human behavior is shaped by personal, behavioral, and environmental factors, which interact in a complex triadic dynamic. According to Bandura and Walters (1977), individuals, the environment, and behavior continuously influence each other. SCT has wide-ranging applications across various fields and can even be pursued as a viable career option. A closely related assumption in SCT is that individuals possess agency, enabling them to intentionally direct their behavior and affect the environment with purposeful goals (Bandura & Walters, 1977).

In this study, SCT was utilized to investigate the influence of parenting style as an individual factor on people's propensity to embark on a business venture, while also assessing whether this influence is mediated by risk tolerance, creativity, and self-efficacy. Drawing on the foundations of SCT, the researchers aimed to clarify the mechanisms through which risk tolerance, creativity, and self-efficacy facilitate the relationship between authoritative parenting and entrepreneurial preparedness. Moreover, the study expanded the scope of SCT to explore how an entrepreneurial mindset can contribute to the cultivation of entrepreneurial preparedness.

## **METHOD**

This research is based on primary data collected through the administration of questionnaires. The questionnaires will be distributed online utilizing two methods. The researcher has established specific criteria for the respondents, targeting individuals of both genders who have completed at least high school education and have received entrepreneurship education. This meticulous selection ensures the accuracy of measuring

entrepreneurial preparedness. The intended sample size for this study is 300 individuals. The data collection method employed in this research utilizes non-probability sampling, where not all members of the population have an equal chance of being selected.

The questionnaire used in this study consists of closed-ended questions, offering respondents predetermined answer options that closely align with their preferences. The online distribution of the questionnaire will be facilitated through the utilization of Google Forms. Prior to administering the full survey, a pilot test will be conducted involving a sample of 30 participants to evaluate the validity and reliability of each questionnaire item. The Likert scale will be employed to measure the questionnaire items, ranging from 1 to 5. The scale includes response options such as "strongly disagree" (1), "disagree" (2), "neutral" (3), "agree" (4), and "strongly agree" (5), allowing respondents to indicate their level of agreement with each statement.

Quantitative analysis employing the Structural Equation Model (SEM) technique will be utilized to analyze the gathered data, with the assistance of the AMOS Ver.22 software. SEM is a robust multivariate analysis technique that enables researchers to simultaneously test intricate relationships, facilitating the examination of models encompassing mediator and moderator effects in a unified analysis. AMOS offers several advantages for conducting this study, including the ability to estimate unknown coefficients from linear structural equations, test models incorporating latent variables, explore direct and indirect effects between dependent and independent variables, and conduct comprehensive model tests.

## **RESULTS AND DISCUSSION**

### **Authoritative Parenting on Risk Tolerance, Entrepreneurial Self-Efficacy, and Entrepreneurial Creativity**

Based on the information provided, it is evident that parents play a crucial role in various aspects of their children's development. Numerous studies have explored the impact of authoritative parenting on different outcomes. Specifically, Hayek, Schneider, Lahoud, Tueni, and de Vries (2022) found a positive relationship between authoritative parenting and adolescent academic achievement. Similarly, Fan, Lim, and Lee (2022) discovered a positive correlation between authoritative parenting and children's adjustment to the environment. Azzala and Arjanggi (2022) reported a high correlation between authoritative parenting and adolescent self-efficacy. Cahyani, Masruri, and Hanafi (2022) examined the influence of different parenting styles on children's mental health and found that authoritative parenting had a beneficial impact on respondents' future mental health. Furthermore, Zhang, Li, Zhang, Zhang, and Shi (2022) observed a positive relationship between a mother's authoritative parenting style and their children's creativity, suggesting that authoritative parenting encourages children to explore and think innovatively.

In a separate study conducted by Wu et al., (2016), it was asserted that children raised by authoritative parents tend to exhibit positive characteristics, including independence, social acceptance, academic success, good behavior, and emotional control. This study also highlighted a link between authoritative parenting and higher levels of self-control, as supported by Morrison, Drake, & Review (2023) and Cheung et al. (2022). Furthermore, Do Nguyen and Nguyen (2023) confirmed the positive impact of authoritative parenting on adolescent development. In relation to entrepreneurship development, Novilia et al. (2016) explored different parenting styles and their influence on children's entrepreneurship. The study emphasized that parenting style has a significant impact on the formation of positive character traits in children, such as independence, confidence, friendliness, vision, and future orientation. Additionally, the study found a positive relationship between risk tendencies and

entrepreneurial interest. Based on the information provided, the following hypotheses can be formulated:

H1: Authoritative parenting has a positive effect on risk tolerance

H2: Authoritative parenting has a positive effect on entrepreneurial self-efficacy

H3: Authoritative parenting has a positive effect on entrepreneurial creativity

### **Risk Tolerance, Entrepreneurial Self-Efficacy, and Entrepreneurial Creativity on Entrepreneurial Preparedness**

Entrepreneurial preparedness is a crucial concept as it enables individuals to assess their readiness to venture into business. Evaluating entrepreneurial intention and entrepreneurial motivation can serve as indicators of preparedness. In their research, Nguyen (2019) discovered that risk tolerance positively and significantly influences students' motivation to become entrepreneurs. Similarly, Ahmed et al. (2022) found that an individual's risk tolerance has a positive and significant effect on their readiness to start a business.

Additionally, self-efficacy has been reported to have a positive and significant impact on students' motivation to become entrepreneurs. Bahrrohman (2018) confirmed this finding in their research, revealing a positive and significant effect of self-efficacy on entrepreneurial readiness among college students. Furthermore, Liu, Su, and Zhan (2022) found that risk tolerance and self-efficacy jointly have a positive and significant effect on entrepreneurial interest among young individuals. Consistent with these findings, Wu, Alshaabani, and Rudnák (2022) also observed a positive and significant impact of risk tolerance on students' interest in entrepreneurship. Therefore, individuals with high risk tolerance and self-efficacy are better prepared to embark on entrepreneurial endeavors.

Creativity is another essential element for entrepreneurial success. High levels of creativity contribute to better entrepreneurial preparedness. Prihatiningrum, Susilowati, and Prasetyo (2020) conducted research indicating that creativity has a positive and significant influence on students' interest in pursuing careers in entrepreneurship. Similarly, Biraglia and Kadile (2017) found a positive and significant effect of creativity on entrepreneurial intentions. These findings highlight the importance of fostering creativity to enhance preparedness for starting a business. Based on the information provided, the following hypotheses can be formulated:

H4: Risk tolerance has a positive effect on entrepreneurial preparedness

H5: Entrepreneurial self-efficacy has a positive effect on entrepreneurial preparedness

H6: Entrepreneurial creativity has a positive effect on entrepreneurial preparedness

### **Risk Tolerance, Entrepreneurial Self Efficacy, and Entrepreneurial Creativity Mediate Authoritative Parenting and Entrepreneurial Preparedness Relationships**

Syed, Alaraifi, and Ahmad (2019) conducted a study on entrepreneurs in Saudi Arabia regarding risk attitude and predisposition towards risk management. The results of the study found that the relationship between entrepreneurs' perceptions and financial risk tolerance was partially mediated by entrepreneurial openness and risk-taking propensity. Previous research by Cahyani et al. (2022) also found an indirect relationship between risk tolerance and entrepreneurial intention. In the context of this research, it can be inferred that risk tolerance may mediate the effect of authoritative parenting on entrepreneurial preparedness. This suggests that authoritative parenting alone cannot directly influence entrepreneurial preparedness but must be mediated by risk tolerance.

Biraglia and Kadile (2017) found that the relationship between creativity and entrepreneurial intention is mediated by entrepreneurial self-efficacy. They further stated that the relationship between creativity and entrepreneurial intention has a stronger effect after being mediated by self-efficacy. This finding confirms that individuals will be better prepared

to start a business if they have sufficient self-efficacy to pursue an entrepreneurial career. Previous research by Hayek et al. (2022) also found that self-efficacy successfully mediates the relationship between one's passion and interest in starting a business. Furthermore, Adelekan, Williamson, Atiku, and Ganiyu (2019) tested the mediating role of self-efficacy in developing entrepreneurial intentions among undergraduates. The results of the study revealed that entrepreneurial self-efficacy mediates a positive relationship between social entrepreneurship pedagogy and students' intentions to start a business in Nigeria.

The findings from several previous studies related to the role of self-efficacy and creativity, which are used as mediating factors, can be applied to the context of this study. This implies that authoritative parenting alone is not sufficient to enhance individuals' preparedness to start a business (entrepreneurial preparedness). Therefore, a combination of risk tolerance, strong self-efficacy, and high creativity is needed to support individuals' preparedness in starting a business. Based on the hypothesis above, the following hypothesis is formulated as follows:

H7: Risk tolerance mediates the positive effect of authoritative parenting on entrepreneurial preparedness

H8: Entrepreneurial self-efficacy mediates the effect of authoritative parenting on entrepreneurial preparedness

H9: Entrepreneurial creativity mediates the effect of authoritative parenting on entrepreneurial preparedness

## CONCLUSION

The characteristics of the respondents in this study were divided into several characteristics, namely based on age, gender, last education, study program pursued, length of time following entrepreneurship education, and family business background. as for some details of these criteria are below:

**Table 1. Test Results of the demographic characteristics of the respondents**

Characteristics	Criteria	Total	Percentage
Gender	Male	130	43,9%
	Female	166	56,1%
Age	<20 years	20	6,7%
	20-30 years	264	89,2%
	>30 years	12	4,1%
Education	Senior High School	57	19,3%
	Diploma (D1-D4)	7	2,4%
	S1	207	69,9%
	S2/S3	25	8,4%
Parental Status	Both Are Not Entrepreneurs	123	41,5%
	Both Are Entrepreneurs	51	17,2%
	One Of Them Is Entrepreneur	122	41,2%
Field of study	Management Business	152	51,4%
	Apart From Business/Management	144	48,7%
Duration of taking entrepreneurship classes	>1 Months	153	51,7%
	>1-4 Weeks	21	7,1%
	1-7 Days	122	41,2%

Source: data that has been processed by the author (2023)

**Table 2. Test Results of Validity**

Variable	Code	Loading Factor	Status
Entrepreneurial Preparedness	ERP1	0,779	Valid
	ERP2	0,823	Valid
	ERP3	0,763	Valid

	ERP4	0,638	Valid
	ERP5	0,558	Valid
	ATP1	0,764	Valid
	ATP2	0,666	Valid
	ATP3	0,619	Valid
Authoritative Parenting	ATP4	0,816	Valid
	ATP5	0,787	Valid
	ATP6	0,752	Valid
	ATP7	0,751	Valid
	ATP8	0,760	Valid
	ESE1	0,855	Valid
Entrepreneurial Self-efficacy	ESE2	0,888	Valid
	ESE3	0,825	Valid
	ESE4	0,863	Valid
	RTC1	0,838	Valid
Risk Tolerance	RTC2	0,846	Valid
	RTC3	0,821	Valid
	RTC4	0,877	Valid
	RTC5	0,816	Valid
	ECR1	0,804	Valid
Entrepreneurial Creativity	ECR2	0,829	Valid
	ECR3	0,797	Valid
	ECR4	0,755	Valid
	ECR5	0,815	Valid
	ECR6	0,737	Valid

Source: data that has been processed by the author (2023)

Based on the presented table, the results of the factor analysis demonstrate that all question items within the variables of entrepreneurial preparedness, authoritative parenting, risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity in this study have factor loading values greater than 0.5. Furthermore, the KMO (Kaiser-Meyer-Olkin) value for Bartlett's test is also above 0.5. These findings indicate that the question items used in the study are considered valid as they exhibit a significant correlation with their respective latent variables.

**Table 3. Test Results of Reliability**

Variable	Code	Cronbach's Alpha	Category
Entrepreneurial preparedness	ERP	0,725	Reliable
Authoritative Parenting	ATP	0,882	Very Reliable
Risk Tolerance	RTC	0,872	Very Reliable
Entrepreneurial self-efficacy	ESE	0,878	Very Reliable
Entrepreneurial creativity	ECR	0,873	Very Reliable

Source: data that has been processed by the author (2023)

The table above displays that all the variables in this study exhibit high reliability, as indicated by Cronbach's alpha values exceeding 0.60. This implies that the variables, including entrepreneurial preparedness, authoritative parenting, risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity, are highly consistent and accurate for use in the study. These variables demonstrate strong internal reliability, ensuring the precision and dependability of the measurements within the study.

**Table 4. Test Results of Descriptive Statistic**

Variable	Code	Mean	Standard Deviation
Entrepreneurial preparedness	ERP	3,96	0,723
Authoritative Parenting	ATP	4,14	0,645



Risk Tolerance	RTC	4,37	0,591
Entrepreneurial self-efficacy	ESE	4,26	0,649
Entrepreneurial creativity	ECR	4,32	0,582

Source: data that has been processed by the author (2023)

Based on the descriptive table provided, it is evident that the average values for each variable are as follows: entrepreneurial preparedness (3.96), authoritative parenting (4.14), risk tolerance (4.37), entrepreneurial self-efficacy (4.26), entrepreneurial creativity (4.32), and proactive personality (4.29). The average values for all variables fall within the range of 4, indicating a good level of measurement. Moreover, the distribution of these average values is relatively even, further supporting the suitability and appropriateness of using these variables in the study.

**Table 5. Test Results of Goodness of Fit**

Goodness of Fit Index	Cut-off Value	Results	Decision
Chi-square	The smaller the better	132,380	Poor Fit
GFI	> 0,90	0,901	Fit
NFI	> 0,90	0,931	Fit
TLI	> 0,90	0,943	Fit
CFI	> 0,90	0,956	Fit

Source: data that has been processed by the author (2023)

The presented analysis results display the index values for each category of the model in this study. While the chi-square value falls under the "Not Fit" category, the other index values meet the Cut-off Value criteria. The table reveals that the GFI (Goodness of Fit Index) value is 0.901, and the NFI (Normed Fit Index) is 0.931, both of which exceed the recommended threshold of > 0.90. Additionally, the CFI (Comparative Fit Index) and TLI (Tucker-Lewis Index) values are 0.956 and 0.943, respectively, surpassing the 0.90 benchmark, indicating a good fit for the research model. However, the RMSEA (Root Mean Square Error of Approximation) value obtained is 0.090, which is greater than the predefined value of 0.08, indicating that the model does not qualify as a good fit.

**Table 6. Test Results of Hypotheses**

Hypotheses	Estimate	P-Value	Decision
H1: Authoritative parenting has a positive effect on risk tolerance	0,653	0,000	Supported
H2: Authoritative parenting has a positive effect on entrepreneurial self-efficacy	0,671	0,000	Supported
H3: Authoritative parenting has a positive effect on entrepreneurial creativity	0,588	0,000	Supported
H4: Risk tolerance has a positive effect on entrepreneurial preparedness	0,141	0,034	Supported
H5: Entrepreneurial self-efficacy has a positive effect on entrepreneurial preparedness	0,228	0,003	Supported

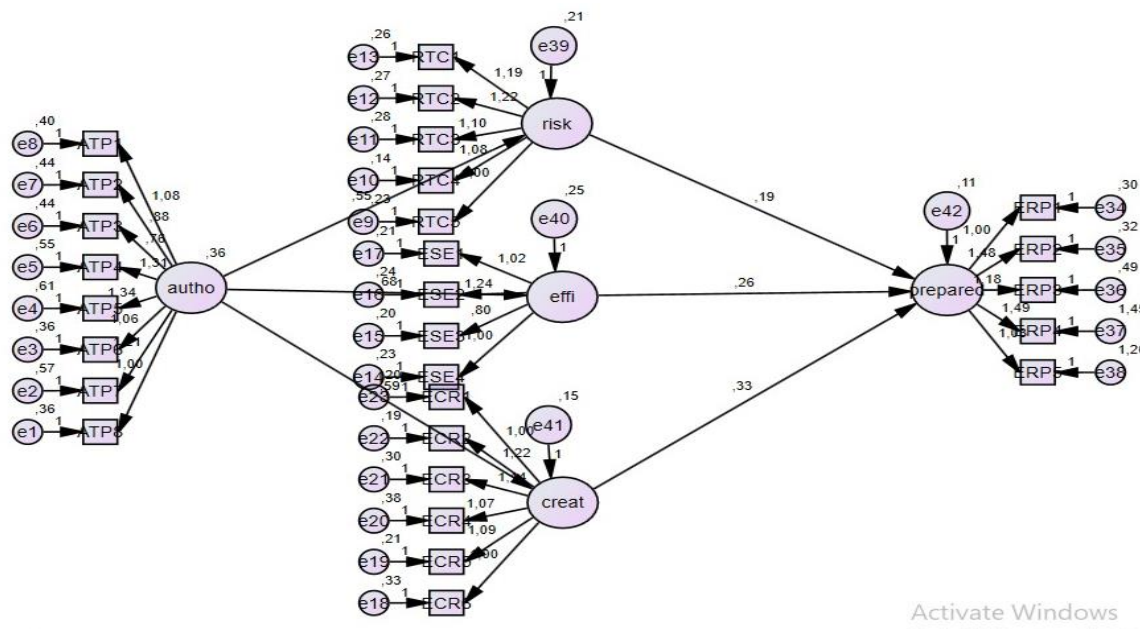
Source: data that has been processed by the author (2023)

**Table 7. Test Results of Mediating with Sobel Test**

Hypotheses	Sobel Test Statistic	Probability	Decision
H7: Risk tolerance mediates the positive effect of authoritative parenting on entrepreneurial preparedness	1,99923012	0,022	Supported

H8: Entrepreneurial self-efficacy mediates the effect of authoritative parenting on entrepreneurial preparedness	2,73873495	0,003	Supported
H9: Entrepreneurial creativity mediates the effect of authoritative parenting on entrepreneurial preparedness	2,26932407	0,011	Supported

Source: data that has been processed by the author (2023)



**Figure: Structural Equation Model Test Results (SEM)**

Source: Results of data analysis using AMOS

**The Effect of Authoritative Parenting on Risk Tolerance, Entrepreneurial Self-Efficacy, and Entrepreneurial Creativity**

The table provided displays the results of the analysis pertaining to the influence of authoritative parenting on risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity. The findings indicate that authoritative parenting significantly affects risk tolerance, as indicated by a p-value of 0.000, supporting the first hypothesis. With an estimate value or coefficient of 0.653, it is evident that authoritative parenting positively contributes to risk tolerance. This underscores the vital role parents play in their children's psychological development, including their ability to handle uncertainty and tolerate risk. Authoritative parenting nurtures children's psychology and mentality, enabling them to better confront various forms of uncertainty. Consequently, this psychological preparedness aids in developing individuals who can tolerate risk, validating the hypothesis. These findings align with the research conducted by Zhang et al. (2022); Cheung et al. (2022); Morrison et al. (2023), who established a positive correlation between authoritative parenting and children's adaptability to their surroundings. Furthermore, these studies claim that parental self-control skills positively relate to authoritative parenting. Additionally, the results of Irawan et al. (2023) affirm that authoritative parenting fosters beneficial effects on respondents' mental health in later stages of life.

Regarding the second hypothesis, the analysis demonstrates that authoritative parenting significantly influences entrepreneurial self-efficacy, evident from the p-value of 0.000 and an estimate value of 0.671. Therefore, the hypothesis indicating the positive impact of authoritative parenting on entrepreneurial self-efficacy is supported. Self-efficacy refers to an individual's belief in their own abilities. In line with this, parents employing an authoritative parenting style instill high levels of self-efficacy in their children, even in

matters related to business. This is because authoritative parents tend to foster responsibility in their children's actions. The analysis further supports the third hypothesis, indicating that authoritative parenting positively influences entrepreneurial creativity. With a p-value of 0.000 and an estimate value of 0.588, it is evident that authoritative parenting has a significant effect on entrepreneurial creativity. Business success often hinges on an individual's creativity in developing novel products distinct from competitors. Parenting practices play a crucial role in fostering creativity. Authoritative parents encourage their children to explore various activities, both within and outside the school environment, thus stimulating their mindset towards creativity and the pursuit of new endeavors. Consequently, this nurtures children's potential and encourages them to venture into uncharted territories by exploring their capabilities. In the entrepreneurial context, this creativity proves highly advantageous within the business realm, leading to the creation of innovative breakthroughs in products or services. Thus, authoritative parenting is proven to influence entrepreneurial creativity.

### **Effect of Risk Tolerance, Entrepreneurial Self-Efficacy, and Entrepreneurial Creativity on Entrepreneurial Preparedness**

Based on the provided table, the analysis demonstrates the impact of risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity on entrepreneurial preparedness. The results support the fourth hypothesis, indicating that risk tolerance has a positive effect on entrepreneurial preparedness. The analysis reveals a statistically significant p-value of 0.034 and a positive coefficient estimate of 0.141. Entrepreneurial preparedness refers to an individual's readiness to start a business, which is influenced by their ability to handle uncertainty and tolerate risk. The findings align with previous research by Kusnawan (2017) and Khoirudin (2018), who found a significant and positive relationship between risk tolerance and individual readiness for entrepreneurship. Additionally, the results corroborate the findings of Muzakka (2014), which emphasize the positive and significant impact of risk tolerance on student interest in entrepreneurship. Thus, higher levels of risk tolerance contribute to better preparedness for entrepreneurship.

The analysis also supports the fifth hypothesis, indicating that entrepreneurial self-efficacy positively influences entrepreneurial preparedness. The p-value of 0.003 suggests statistical significance, and the positive coefficient estimate of 0.228 further supports this relationship. Entrepreneurial self-efficacy refers to an individual's belief in their own abilities to succeed in entrepreneurial ventures. The findings align with the research conducted by Bahrurhman (2018), who observed a significant and positive effect of self-efficacy on entrepreneurial readiness among students. Higher levels of entrepreneurial self-efficacy contribute to better preparedness for entrepreneurship.

Similarly, the sixth hypothesis, proposing a positive relationship between entrepreneurial creativity and entrepreneurial preparedness, is supported by the analysis. The p-value of 0.015 indicates statistical significance, and the positive coefficient estimate of 0.242 confirms this relationship. Creativity plays a vital role in business success, and individuals with higher levels of creativity are more prepared to enter the entrepreneurial world. The findings align with Biraglia and Kadile (2017), who observed a significant and positive influence of creativity on entrepreneurial intention. Thus, higher levels of creativity contribute to better preparedness for entrepreneurship.

### **Risk Tolerance, Entrepreneurial Self-Efficacy, and Entrepreneurial Creativity Mediate Authoritative Parenting and Entrepreneurial Preparedness Relationships**

Based on the results of the mediation test, it is clear that risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity play mediating roles in the relationship between

authoritative parenting and entrepreneurial preparedness. The probability values for risk tolerance, entrepreneurial self-efficacy, and entrepreneurial creativity are all below the significance level of 0.05 ( $<0.05$ ), and their corresponding statistical test scores exceed the critical value of 1.64. These findings provide support for the seventh, eighth, and ninth hypotheses. Specifically, the seventh hypothesis, which suggests that risk tolerance mediates the link between authoritative parenting and entrepreneurial preparedness, is accepted. Similarly, the eighth hypothesis, proposing that entrepreneurial self-efficacy acts as a mediator between authoritative parenting and entrepreneurial preparedness, is also accepted. Lastly, the ninth hypothesis, stating that entrepreneurial creativity mediates the relationship between authoritative parenting and entrepreneurial preparedness, is supported.

It is important to note that entrepreneurial preparedness is not solely influenced by authoritative parenting. Instead, it is influenced by a combination of factors including risk tolerance, high creativity, and belief in one's abilities. To develop these characteristics, a child needs to receive education and exposure to business-related concepts. In the context of this study, it can be inferred that risk tolerance acts as a mediator between authoritative parenting and entrepreneurial preparedness. In other words, authoritative parenting does not directly impact entrepreneurial preparedness but requires the mediating effect of risk tolerance.

Similarly, in relation to entrepreneurial self-efficacy, an authoritative parenting style alone is insufficient to adequately prepare an individual for the entrepreneurial world. It is also necessary for individuals to possess high levels of self-efficacy, which enhances their confidence in achieving future business success. This finding is consistent with the research conducted by Biraglia and Kadile (2017), which identified the mediating role of entrepreneurial self-efficacy in the relationship between creativity and entrepreneurial intentions. Adelekan et al. (2019) also reported similar findings, demonstrating that entrepreneurial self-efficacy mediates the positive relationship between social entrepreneurship pedagogy and students' intentions to start a business in Nigeria. These findings support the notion that individuals are better equipped for entrepreneurship when they possess sufficient self-efficacy to pursue a career in entrepreneurship.

Regarding entrepreneurial creativity, being raised by parents with an authoritative parenting style alone is insufficient to adequately prepare an individual for the business world. It is also crucial for individuals to exhibit high levels of creativity. Creativity is a vital attribute for entrepreneurs as it enables them to generate innovative ideas and adapt products or services to maximize profitability.

## CONCLUSIONS

This study aims to investigate the relationship between authoritative parenting and entrepreneurial preparedness, with risk tolerance, self-efficacy, and creativity as mediating factors. Parenting styles play a significant role in shaping children's behavior, including nurturing their entrepreneurial spirit from an early age. The findings of this research demonstrate that authoritative parenting can influence children's character development, leading to higher levels of creativity, self-confidence, and risk tolerance—traits essential for entrepreneurs. However, it is important to note that authoritative parenting alone is not sufficient to fully prepare individuals for entrepreneurship. Additional factors, such as risk tolerance, self-efficacy, and creativity, are necessary for optimal entrepreneurial preparedness. Surprisingly, previous studies have not explored the interplay between these three variables and entrepreneurial preparedness, which motivated researchers to investigate this relationship.

The study involved a sample of 296 respondents. The findings confirm several key aspects that researchers initially hypothesized. First, authoritative parenting has a positive and significant impact on risk tolerance, self-efficacy, and creativity. Second, risk tolerance, self-efficacy, and creativity have positive and significant effects on entrepreneurial preparedness. Furthermore, the results indicate that risk tolerance, self-efficacy, and creativity mediate the relationship between authoritative parenting and entrepreneurial preparedness. IBM SPSS Statistics version 15 was utilized for data processing, validity, and reliability testing, while IBM AMOS version 23 was employed for hypothesis testing. Additionally, a sobel-test calculator was utilized to examine mediation. Ultimately, the results support all nine proposed hypotheses, providing valuable insights into the relationship between authoritative parenting, risk tolerance, self-efficacy, creativity, and entrepreneurial preparedness

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