



## Financial Literacy and Human Capital Readiness among Vocational Students in Yogyakarta

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**Article Info:**

**Article history:**

Received: May 05, 2026

Revised: June 04, 2026

Accepted: June 07, 2026

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**Keywords:**

Financial Literacy; Self-Efficacy;  
Self-Confidence; Soft Skills;  
Vocational Students; Work  
Readiness.

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**Abstract**

**Background:** Preparing students for the workforce is a key priority in vocational education, requiring graduates to possess occupational skills, social competencies, personal development, and financial management abilities.

**Objective:** This research investigates how *self-efficacy*, *soft skills*, and *financial literacy* contribute to *work readiness* among vocational high school students in Yogyakarta, with *self-confidence* serving as an intermediary variable.

**Methods:** This research adopted a quantitative approach through a cross-sectional survey administered to 348 vocational high school students. Analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique.

**Results:** The results reveal that *self-efficacy* ( $\beta = 0.467$ ,  $p < 0.001$ ), *soft skills* ( $\beta = 0.201$ ,  $p < 0.001$ ), *financial literacy* ( $\beta = 0.193$ ,  $p = 0.013$ ), and *self-confidence* ( $\beta = 0.096$ ,  $p = 0.042$ ) positively predict *work readiness* ( $R^2 = 0.859$ ). Notably, *self-efficacy* did not significantly influence *self-confidence* ( $\beta = -0.044$ ,  $p = 0.565$ ), suggesting that task-based capability beliefs do not automatically translate into social-evaluative confidence. *Financial literacy* had the strongest effect on *self-confidence* ( $R^2 = 0.813$ ) and mediated the *financial literacy*–*work readiness* pathway ( $\beta = 0.076$ ,  $p = 0.046$ ). The indirect effect of *soft skills* through *self-confidence* was near-significant ( $p = 0.052$ ) and should be interpreted cautiously.

**Conclusion:** This study contributes to vocational education scholarship by revealing that *financial literacy* acts both as an independent determinant and as an antecedent of *self-confidence*, which subsequently boosts *work readiness*, whereas *self-efficacy* exerts its influence through a direct performance-oriented pathway rather than through a confidence-based mediating route.

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**To cite this article:** Wulandari, N. D., Ruscitasari, Z., Mustafidah, S. I., & Sutiono, B. (2026). Self-Efficacy, Soft Skills, Financial Literacy, and Work Readiness among Vocational Students: The Mediating Role of Self-Confidence. *INKUBIS: Jurnal Ekonomi dan Bisnis*, 8(2), 973–988. <https://doi.org/10.59261/inkubis.v8i2.278>

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## INTRODUCTION

The passage from vocational schooling into the workforce has gained growing significance within human capital discourse, especially in countries where graduates are anticipated to join the labor market shortly after completing their studies. Although vocational high schools aim to equip students with job-specific competencies, modern employers consistently expect

capabilities well beyond technical proficiency (Ahmid et al., 2023). Entry-level workers are now expected to exhibit flexibility, self-assurance, effective communication, analytical thinking, and sound judgment in both economic and occupational contexts. In this context, work readiness represents a strategic outcome of human capital formation because it reflects the extent to which students are prepared to participate productively in employment and respond to the practical demands of working life. Contemporary scholarship on youth employability and vocational preparation consistently demonstrates that employment readiness emerges from a combination of personal, institutional, and situational factors, rather than technical competence alone (Cedeño et al., 2021; Suroto et al., 2024).

This matter holds considerable social importance in Indonesia, where vocational graduates are counted on to fill intermediate-level skilled positions across industrial, service, entrepreneurial, and regional economic sectors. Yogyakarta Special Region offers a particularly suitable context for exploring this concern, as its vocational schools accommodate students from varied fields of study, institutional environments, and socioeconomic backgrounds. For learners in this setting, moving into employment represents not merely an occupational shift, but equally a progression toward heightened economic agency and personal responsibility. Accordingly, work readiness must be conceptualized as a multifaceted construct encompassing psychological preparedness, broadly applicable competencies, and financial management capability (Suhada et al., 2026; Suyatmo et al., 2025). This integrative perspective aligns with research indicating that employability and work readiness among young people can be meaningfully enhanced through programs that simultaneously address occupational preparation, financial capability, and interpersonal skill development (Lopus et al., 2019; Suhada et al., 2026).

Among the psychological assets that may account for differences in students' employment preparedness, self-efficacy is particularly prominent. It reflects learners' convictions regarding their capacity to accomplish tasks, overcome difficulties, and achieve expected outcomes. Learners with elevated self-efficacy tend to invest more actively in their education, maintain effort despite difficulties, and tackle career-oriented activities with greater initiative and autonomy (Magagula et al., 2020). Evidence from both vocational and tertiary educational settings indicates a positive association between self-efficacy and work readiness, suggesting that students with firm beliefs in their own abilities tend to demonstrate greater preparedness for employment (Tasuib et al., 2024; Tentama et al., 2019).

Soft skills similarly hold a fundamental place in building students' readiness for work. Competencies such as communication, cooperative effort, flexibility, professional conduct, and critical thinking enable students to convert classroom learning into effective workplace performance. Such competencies are indispensable, as newly employed workers are routinely expected to engage constructively with supervisors, cooperate with teammates, adhere to organizational standards, and respond adaptively to evolving work demands. Recent investigations reveal that soft skills correlate with students' perceived readiness for employment and their overall employability, even though the magnitude of this association may differ depending on the research context and analytical framework employed. This variability underscores the need to consider soft skills not solely as a straightforward determinant of work readiness, but also as a contributor that may operate through internal psychological channels, including self-confidence (Patricia Aprilita et al., 2024).

Self-confidence assumes particular relevance in this framework because students may have acquired substantial knowledge and skill yet remain reluctant to exhibit these capacities during hiring processes, professional interactions, or novel work environments. A strong sense of self-confidence allows students to project their capabilities effectively, arrive at decisions with conviction, articulate their ideas, and tackle challenges without unnecessary reservation. Within the conceptual model proposed here, self-confidence is theorized as an intermediary mechanism through which self-efficacy, soft skills, and financial literacy each exert an influence on work readiness. This positioning is conceptually sound because students who regard themselves as capable, socially skilled, and financially aware are likely to cultivate stronger self-confidence as they prepare to enter the workforce. The documented positive association between self-confidence and work readiness in vocational student populations reinforces its role as a central psychological mechanism within the research model (Kholifah et al., 2025; Tentama et al., 2019;

[Wicaksono & Fahmawati, 2025](#); [Wicaksono & Fahmawati, 2025](#)).

Financial literacy introduces the economic management dimension to this study. It encompasses the knowledge base, behavioral patterns, and attitudinal orientations that enable individuals to make well-grounded financial choices. According to the OECD/INFE measurement framework, financial literacy is assessed across three components — financial knowledge, financial behavior, and financial attitudes — all of which relate to how individuals manage earnings, expenditure, saving, household budgeting, and long-term financial planning. Among vocational students, financial literacy carries particular weight given that the transition into employment also constitutes a shift toward personal economic responsibility. Students who possess a clear grasp of financial implications, income administration, and personal financial strategizing are likely to be more adequately prepared to meet the tangible demands of working life. Cross-national findings confirm that programs combining financial literacy with job readiness training can substantially enhance young people's financial knowledge and occupational capabilities, while evidence from Indonesia suggests that integrating financial literacy with soft skills instruction can strengthen employability among at-risk youth ([Cedeño et al., 2021](#); [Lopus et al., 2019](#); [OECD, 2023](#)).

Notwithstanding the expanding body of literature on vocational work readiness, notable lacunae persist. First, extant studies have predominantly approached work readiness through the lens of technical ability, field-based practice, motivation, or discrete psychological constructs, while the role of financial literacy as a constituent of work readiness has been substantially overlooked. Second, the linkage between financial literacy and work readiness remains underexplored within the vocational student literature, despite the clear relevance of financial capability to individuals entering employment and handling their initial earnings. Third, the majority of existing studies investigate direct associations, while comparatively few offer an account of the psychological pathways through which self-efficacy, soft skills, and financial literacy might shape work readiness. The mediating function of self-confidence is therefore theoretically significant, as it elucidates the process by which personal capability beliefs, interpersonal competence, and financial understanding are translated into concrete employment readiness. Collectively, these gaps underscore the need for a more integrative framework that links financial literacy, psychological resources, and soft skills within the overarching construct of human capital readiness ([Cedeño et al., 2021](#); [OECD, 2023](#); [Suroto et al., 2024](#)).

The distinctive contribution of this study resides in its treatment of financial literacy as a financial management dimension embedded within the broader construct of human capital readiness among vocational high school students. Rather than confining work readiness to an educational or psychological achievement, this study reconceptualizes it as an outcome jointly shaped by financial capability, self-efficacy, interpersonal competence, and self-confidence. The study further expands upon prior scholarship by empirically examining self-confidence as an intermediary linking self-efficacy, soft skills, and financial literacy to work readiness. This approach furnishes a richer account of how vocational students in Yogyakarta navigate their preparation for labor market entry — not merely as technically skilled workers, but as young adults who must simultaneously cultivate self-confidence, manage interpersonal expectations, and shoulder financial responsibilities upon entering employment.

Grounded in the foregoing argument, this study examines the influence of self-efficacy, soft skills, and financial literacy on work readiness among vocational high school students in Yogyakarta Special Region, Indonesia, with self-confidence treated as a mediating variable. The study enriches both management and financial literacy scholarship by incorporating financial capability into a work readiness framework, advances vocational education research through its focus on students in an Indonesian regional context, and yields practical guidance for educational institutions, policymakers, and employers aiming to bolster the readiness of future workforce entrants.

## **Literature Review and Hypothesis**

Work readiness denotes the subjective sense of preparedness that students hold regarding their capacity to enter employment, conform to organizational expectations, and discharge responsibilities during the initial phase of their careers. Within the vocational education

context, work readiness constitutes a central outcome, since vocational high schools bear the explicit mandate of readying students for immediate participation in the labor market. Attaining work readiness is not reducible to technical mastery alone; it is equally conditioned by an individual's psychological resources, cross-situational competencies, and financial management capabilities. Work-ready students are expected to comprehend organizational norms, handle professional obligations, engage productively with colleagues, and address employment-related challenges with a measure of assurance. Prior research confirms that young people's job readiness and overall employability can be meaningfully improved through targeted cultivation of financial literacy, vocational preparation training, interpersonal skills, and other occupation-relevant competencies (Cedeño et al., 2021; Grimes et al., 2022; Lopus et al., 2019; Suroto et al., 2024).

Self-efficacy is conceptualized as a person's conviction in their own capacity to plan and carry out the actions necessary to attain intended results. Within the vocational education context, self-efficacy reflects learners' conviction in their capacity to fulfill academic tasks, navigate obstacles, and prepare themselves for future employment. Students possessing higher levels of self-efficacy are generally more tenacious, more open to confronting demanding situations, and more self-assured in pursuing career-related objectives. Such beliefs may, in turn, reinforce self-confidence, as students who regard themselves as competent are more inclined to feel secure and assured when confronted with new, evaluative, or demanding circumstances. Existing research on vocational work readiness further identifies self-efficacy as one of the individual-level attributes linked to students' preparedness for labor market entry (Lee et al., 2025; Mahfud et al., 2024). Therefore, the following hypothesis is proposed.

H1: Self efficacy has a positive effect on self confidence among vocational high school students.

Soft skills encompass a range of transferable personal and interpersonal capabilities that allow individuals to engage in effective communication, cooperation, adaptive thinking, problem resolution, and professional conduct across social and occupational environments. For students in vocational programs, soft skills carry considerable weight given that entering employment demands not only job-specific knowledge but equally the ability to engage productively with supervisors, peers, and clients. Students equipped with stronger soft skills are better positioned to articulate ideas with clarity, function efficiently within team structures, accommodate workplace shifts, and resolve difficulties in a constructive manner. These favorable social and professional encounters may contribute to the development of self-confidence, as students grow to feel more competent when operating in occupational contexts. Scholarship on employability and vocational preparation consistently underscores that soft skills are foundational to young people's employability and work readiness (Grimes et al., 2022; Lopus et al., 2019). Therefore, the following hypothesis is formulated.

H2: Soft skills have a positive effect on self confidence among vocational high school students.

Financial literacy denotes the constellation of knowledge, behavioral dispositions, and value orientations that equip individuals to make well-considered and accountable financial choices. The OECD conceptualization of financial literacy encompasses three core dimensions: financial knowledge, financial behavior, and financial attitudes. Financial literacy is particularly pertinent for vocational students because the move into employment simultaneously represents a transition into greater personal economic responsibility. Students who are well-versed in income management, budget allocation, saving strategies, expenditure regulation, and financial planning tend to feel more assured when navigating the economic implications of entering the workforce. Financial literacy may consequently bolster self-confidence by diminishing anxiety associated with economic self-sufficiency and by enabling students to feel better equipped to manage their forthcoming income and financial obligations. Prior research has demonstrated that financial literacy instruction can substantially improve young people's financial knowledge, financial behavior, and job-related readiness (Garcia-Lazaro et al., 2025; Oberrauch & Kaiser, 2022; Sajid et al., 2024). Based on this argument, the following hypothesis is proposed.

H3: Financial literacy has a positive effect on self confidence among vocational high school students.

Self-confidence is understood as an individual's overarching belief in their capacity to act decisively, communicate effectively, make sound judgments, and perform competently across social, evaluative, and goal-oriented situations. During the shift from schooling to employment,



self-confidence is especially critical because students are required to present themselves favorably during recruitment, interact effectively in professional settings, and adapt to unfamiliar obligations. Students possessing greater self-confidence tend to be more proactive, more willing to voice their perspectives, more decisive, and more capable of confronting work-related challenges with composure and conviction. Self-confidence thus supports work readiness by enabling students to convert their accumulated knowledge and competencies into observable, purposeful behavior. This reasoning aligns with theoretical perspectives holding that confidence operates as an internal resource underpinning effective performance and adaptive behavior (Oberrauch & Kaiser, 2022; Vlachopoulos & Makri, 2024; Yuliyanto & Indriayu, 2024). Therefore, the following hypothesis is developed.

H4: Self-confidence has a positive effect on work readiness among vocational high school students.

Beyond its indirect pathway, self-efficacy may also exert a direct influence on work readiness. Students who hold firm convictions about their ability to accomplish tasks and overcome adversity are more likely to invest actively in employment preparation, sustain their commitment to vocational learning, and respond constructively to occupational demands. In the vocational education context, self-efficacy fosters readiness by instilling in students the conviction that they are capable of mastering job-related tasks, resolving work-based challenges, and realizing career aspirations. A comprehensive review of vocational school work readiness literature has identified self-efficacy as a key individual-level factor contributing to students' preparedness for employment (Nițoi et al., 2022; Suroto et al., 2024; Vlachopoulos & Makri, 2024). Accordingly, the following hypothesis is proposed.

H5: Self efficacy has a positive effect on work readiness among vocational high school students.

Financial literacy may exert a direct effect on work readiness, given that entering employment represents not merely a professional shift but also a consequential financial transition. Students who have internalized core financial concepts and adopted responsible financial practices are likely to be better equipped to administer their wages, regulate expenditure, accumulate savings, and plan for future financial needs upon entering the workforce. Findings from financial literacy and employment preparation interventions demonstrate that financial education can enhance young people's financial knowledge, economic understanding, work-relevant competencies, and overall employability. Within the Indonesian setting, combining financial literacy with soft skills training has similarly been associated with improved employability outcomes among young people (Cedeño et al., 2021; Grimes et al., 2022; Lopus et al., 2019). Therefore, the following hypothesis is proposed.

H6: Financial literacy has a positive effect on work readiness among vocational high school students.

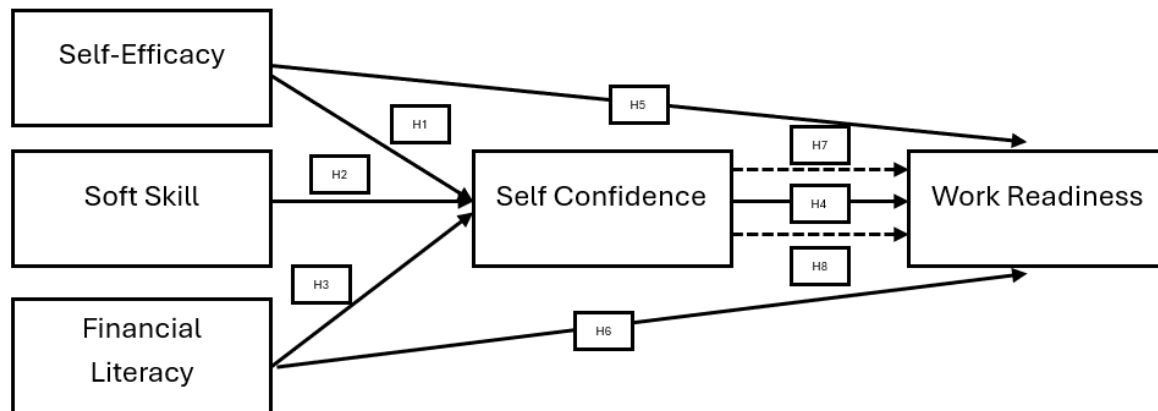
Self-confidence may function as an intermediary in the relationship between self-efficacy and work readiness. While self-efficacy equips students with the conviction that they can handle tasks and surmount difficulties, this belief may translate more powerfully into work readiness when it evolves into the confidence required to act decisively in real-world situations. Students with elevated self-efficacy may develop greater confidence in articulating ideas, arriving at decisions, and confronting work-related challenges — and this growing confidence may in turn reinforce their perceived preparedness for employment. In this manner, self-confidence operates as a psychological conduit through which perceived personal capability is converted into concrete work readiness (Harvey & Urban, 2023; Suroto et al., 2024). Thus, the following hypothesis is formulated.

H7: Self-confidence mediates the relationship between self-efficacy and work readiness among vocational high school students.

Self-confidence may additionally mediate the relationship between financial literacy and work readiness. Financial literacy equips students with practical knowledge and awareness regarding income administration, budget planning, savings habits, and sound financial decision-making. Nonetheless, this financial capability may bear more powerfully on work readiness when it elevates students' confidence in managing the economic dimensions of employment. Students with strong financial literacy may approach workforce entry with greater self-assurance, precisely because they understand how to manage financial obligations following the receipt of

regular income. Existing evidence confirms that financial literacy and job readiness programs can enhance young people's financial understanding and occupational preparedness, supporting the notion that confidence serves as a psychological conduit linking financial capability to readiness for employment (Cedeño et al., 2021; Grimes et al., 2022; OECD, 2023). Therefore, the following hypothesis is proposed.

H8: Self-confidence mediates the relationship between financial literacy and work readiness among vocational high school students.



**Figure 1.** Research Framework

## METHOD

This research utilized a quantitative cross-sectional design to assess how self-efficacy, soft skills, and financial literacy shaped work readiness, with self-confidence positioned as an intervening variable. This design was deemed suitable because the study sought to evaluate predictive relationships among latent constructs through survey data gathered at a single time point. PLS-SEM was adopted because the hypothesized model encompassed multiple latent constructs, direct structural paths, and mediation effects that required simultaneous estimation. This analytical approach was appropriate for the interdisciplinary orientation of economics and business research, as it enabled the simultaneous integration of financial literacy, human capital formation, psychological resources, and employability outcomes within a single empirical structure (Hair et al., 2021; Sarstedt et al., 2022).

Data collection was carried out among vocational high school students in the Special Region of Yogyakarta, Indonesia. This setting was chosen because vocational institutions are specifically mandated to equip students for immediate labor market entry, while Yogyakarta offered a diverse vocational education ecosystem with different study programs and institutional backgrounds. Eligible respondents included vocational students who had undergone school-based career preparation, participated in vocational coursework, completed internship activities, or engaged in work readiness programs. A total of 348 usable responses were retained for the final analysis. This sample was judged sufficient for PLS-SEM, as it surpassed the minimum threshold recommended for models involving multiple latent constructs and mediation effects. Participants were selected through purposive sampling guided by the following eligibility criteria: (1) current enrollment in a Yogyakarta-based vocational high school; (2) placement in Grade XI or XII, signifying at least one academic year of vocational training; and (3) prior participation in career readiness activities or internship programs. The 348 valid respondents were drawn from multiple districts (Sleman, Bantul, Kulon Progo, and Gunung Kidul) across diverse study programs (Hair et al., 2021; Kock & Hadaya, 2018).

Data were gathered via a structured questionnaire drawn from established instruments and adapted to suit the vocational school context. The instrument was designed to measure five latent constructs: self-efficacy, soft skills, financial literacy, self-confidence, and work readiness. Each item was rated on a five-point Likert scale with response options from 1 (strongly disagree) to 5 (strongly agree). The adaptation process prioritized conceptual fidelity, linguistic clarity, and the appropriateness of items for the vocational high school student population (Henseler et al.,

2014).

Self-efficacy was operationalized as students' conviction in their capacity to accomplish assigned tasks, manage difficulties, and attain anticipated academic and career-related outcomes. Indicators captured students' perceived capability in completing demanding tasks, resolving problems, surmounting barriers, acquiring new competencies, pursuing career goals, working autonomously, and sustaining effort in the face of adversity. This construct was grounded in efficacy belief theory, which centers on individuals' perceived ability to organize and carry out the actions required to achieve their intended goals.

Soft skills were conceptualized as cross-situational personal and interpersonal capabilities enabling students to communicate with clarity, collaborate constructively, adapt to change, resolve problems, and conduct themselves professionally in workplace environments. The measured indicators comprised communication, teamwork, adaptability, problem solving, interpersonal relations, responsibility, discipline, professionalism, and initiative — all widely recognized as non-technical competencies that underpin employability and successful workplace adjustment, particularly for young labor market entrants.

Financial literacy was operationalized as the body of knowledge, behavioral dispositions, and attitudinal orientations guiding students' responsible decision-making regarding income, expenditure, saving, budget management, and future financial planning. The indicators spanned three domains: financial knowledge, financial behavior, and financial attitudes. Financial knowledge indicators assessed comprehension of foundational concepts related to income, expenses, saving, and budgeting. Financial behavior indicators measured students' capacity to regulate spending, accumulate savings, and make responsible monetary decisions. Financial attitude indicators captured students' orientation toward planning, saving, and weighing financial consequences prior to decision-making. This operationalization was anchored in the OECD/INFE framework, which defines financial literacy as the composite of financial knowledge, financial behavior, and financial attitudes (OECD, 2023).

Self-confidence was conceptualized as students' overall conviction in their capacity to articulate ideas, arrive at decisions, engage socially, and perform competently in unfamiliar or evaluative circumstances. Indicators encompassed students' confidence in public speaking, opinion expression, independent decision-making, interaction with strangers, handling job interviews, managing novel situations, and presenting their personal attributes. This construct conceptualized confidence as an inner psychological resource that sustains action, persistence, and competent performance in achievement-oriented contexts.

Work readiness was operationalized as students' subjective sense of readiness to join the workforce, adapt to occupational expectations, and fulfill the responsibilities associated with the early stages of a career. Measured indicators included readiness for workforce entry, capacity to adjust to workplace regulations, willingness to fulfill job-related duties, openness to on-the-job learning, ability to collaborate effectively, and preparedness to manage early career demands. This measurement approach was consistent with the youth employability literature, which frames work readiness as an integrated construct encompassing knowledge, competencies, attitudes, and behavioral dispositions relevant to entering employment (Cedeño et al., 2021; Lopus et al., 2019).

The data collection process commenced with a phase of instrument refinement aimed at ensuring that all items were comprehensible and contextually appropriate for the vocational student population. The refined questionnaire was subsequently administered to eligible respondents across Yogyakarta. All participation was voluntary, and respondents were clearly informed that their data would be used exclusively for research purposes. All returned questionnaires were systematically screened for incomplete or inconsistent entries, and only fully valid responses were included in the subsequent analysis (Table 1).

**Table 1.** Measurement of Constructs

| Variable      | Operational Definition                                                                                     | Indicator                                                                                    | Source                |
|---------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------|
| Self-efficacy | Students' belief in their capability to complete tasks, overcome obstacles, and achieve academic or career | 1. Task completion<br>2. Problem solving<br>3. Obstacle management<br>4. Learning new skills | (Suroto et al., 2024) |

|                           |                                                                                                                                                     |                                                                                                                                                                                          |                                                                          |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
|                           | related goals.                                                                                                                                      | 5. Career goal achievement<br>6. Independent work<br>7. Persistence.                                                                                                                     |                                                                          |
| <b>Soft skills</b>        | Transferable competencies that enable students to communicate, collaborate, adapt, solve problems, and behave professionally in workplace settings. | 1. Communication<br>2. Teamwork<br>3. Adaptability,<br>4. Problem solving<br>5. Interpersonal relations<br>6. Responsibility<br>7. Discipline<br>8. Professionalism<br>9. initiative.    | (Lopus et al., 2019; Suroto et al., 2024)                                |
| <b>Financial literacy</b> | Students' knowledge, behaviour, and attitudes in managing money and making responsible financial decisions.                                         | 1. Financial knowledge<br>2. Budgeting<br>3. Spending control<br>4. Saving behaviour<br>5. Financial planning<br>6. responsible financial attitude.                                      | (OECD, 2023; Sajid et al., 2024; Suhada et al., 2026)                    |
| <b>Self confidence</b>    | Students' general belief in their ability to communicate, decide, interact, and perform effectively in unfamiliar or evaluative situations.         | 1. Speaking confidence<br>2. Expressing opinions<br>3. Decision making<br>4. Social interaction<br>5. Interview confidence<br>6. Handling unfamiliar situations<br>7. Self-presentation. | (Suroto et al., 2024; Tasuib et al., 2024; Wicaksono & Fahmawati, 2025)  |
| <b>Work readiness</b>     | Students' perceived preparedness to enter employment, adapt to workplace expectations, and perform early career responsibilities.                   | 1. Workforce entry readiness<br>2. Workplace adaptation<br>3. Responsibility<br>4. Willingness to learn<br>5. Teamwork readiness<br>6. Early career challenge management.                | (Cedeño et al., 2021; Kholifah et al., 2025; Vlachopoulos & Makri, 2024) |

Analysis was conducted using SmartPLS software in two sequential stages. In the first stage, the measurement model was examined to assess construct reliability and validity. Indicator reliability was evaluated through outer factor loadings; internal consistency reliability was assessed using Cronbach's alpha and composite reliability; and convergent validity was examined through the average variance extracted (AVE) criterion. Discriminant validity was confirmed using the heterotrait-monotrait (HTMT) ratio to ensure that each construct was sufficiently differentiated from the others (Hair et al., 2021; Henseler et al., 2014).

In the second stage, the structural model was assessed by examining multicollinearity indicators, standardized path coefficients, coefficients of determination, effect sizes, predictive relevance values, and bootstrapped significance levels. The direct effects tested in the model included self-efficacy, soft skills, and financial literacy on self-confidence, as well as self-efficacy, soft skills, financial literacy, and self-confidence on work readiness. The indirect effects were tested to determine whether self-confidence mediated the relationships between self-efficacy and work readiness, soft skills and work readiness, and financial literacy and work readiness. Bootstrapping procedures were employed to evaluate the statistical significance of both direct and indirect pathways, consistent with established guidelines for PLS-SEM mediation analysis (Sarstedt et al., 2022).



Ethical standards were observed throughout the research process. Prior to questionnaire completion, all respondents were clearly informed of the study's purpose, the voluntary nature of their participation, and the confidential treatment of their responses. Informed consent was obtained from all participants, and data were analyzed at the aggregate level to prevent the identification of individuals. The study adhered to established ethical principles governing human subjects research, including anonymity, confidentiality, voluntary participation, and responsible data stewardship.

## RESULTS AND DISCUSSION

### Results

#### Descriptive Statistics

Descriptive statistical analysis was conducted to generate a preliminary profile of respondents' perceptions across the five constructs: self-efficacy, soft skills, financial literacy, self-confidence, and work readiness. The analysis drew upon 348 valid questionnaire responses obtained from vocational high school students in the Yogyakarta Special Region. Each construct was assessed using a five-point Likert scale, with higher scores reflecting greater alignment with the construct being measured.

**Table 2.** Descriptive statistics

| Variable                  | Number of item | Mean  | Standard Deviation |
|---------------------------|----------------|-------|--------------------|
| <b>Self-efficacy</b>      | 7              | 3.267 | 0.976              |
| <b>Soft skills</b>        | 9              | 3.289 | 0.925              |
| <b>Financial literacy</b> | 6              | 3.310 | 0.909              |
| <b>Self confidence</b>    | 7              | 3.125 | 0.903              |
| <b>Work readiness</b>     | 6              | 3.249 | 0.948              |

The descriptive results reveal that all five constructs fell within the moderate range, with mean values spanning from 3.125 to 3.310 (Table 2). Financial literacy recorded the highest mean, suggesting that students regarded themselves as comparatively more proficient in managing foundational financial knowledge, behavioral practices, and financial attitudes. By contrast, self-confidence yielded the lowest mean score, indicating that students may require additional developmental support in voicing opinions, arriving at decisions, self-presentation, and navigating unfamiliar professional environments. In aggregate, these findings suggest that vocational students in Yogyakarta exhibit moderate levels of readiness across psychological, interpersonal, financial, and occupational dimensions. The comparatively low self-confidence score further substantiates the rationale for treating it as a mediating variable in the analytical model. Mean classification criteria used were: 1.00–1.80 = very low; 1.81–2.60 = low; 2.61–3.40 = moderate; 3.41–4.20 = high; 4.21–5.00 = very high. All five constructs fell within the moderate range ( $M = 3.125$  to  $3.310$ ), supporting the classification label applied above.

### Measurement model evaluation

#### Outer model evaluation

Prior to testing the structural pathways, an outer model evaluation was carried out to appraise the quality of the measurement model. This preliminary assessment is essential because the integrity of subsequent structural model results hinges on whether the selected indicators reliably and accurately represent their respective latent constructs. The evaluation addressed three dimensions: indicator reliability, internal consistency reliability, and convergent validity. Indicator reliability was gauged via factor loading values, while internal consistency was evaluated using Cronbach's alpha and composite reliability coefficients. As a benchmark, factor loading values exceeding 0.700 are taken to indicate that indicators adequately reflect their respective constructs, while Cronbach's alpha and composite reliability values above 0.700 signify acceptable construct reliability.

**Table 3.** Loading Factor

| Constructs         | Items | Loading Factor | CA    | CR    | Decision |
|--------------------|-------|----------------|-------|-------|----------|
| Self efficacy      | SE1   | 0.856          | 0.919 | 0.935 | Retained |
|                    | SE2   | 0.801          |       |       |          |
|                    | SE3   | 0.823          |       |       |          |
|                    | SE4   | 0.872          |       |       |          |
|                    | SE5   | 0.816          |       |       |          |
|                    | SE6   | 0.761          |       |       |          |
|                    | SE7   | 0.817          |       |       |          |
| Soft skills        | SS1   | 0.771          | 0.946 | 0.955 | Retained |
|                    | SS2   | 0.826          |       |       |          |
|                    | SS3   | 0.836          |       |       |          |
|                    | SS4   | 0.830          |       |       |          |
|                    | SS5   | 0.854          |       |       |          |
|                    | SS6   | 0.854          |       |       |          |
|                    | SS7   | 0.830          |       |       |          |
|                    | SS8   | 0.836          |       |       |          |
|                    | SS9   | 0.789          |       |       |          |
| Financial literacy | FL1   | 0.823          | 0.888 | 0.915 | Retained |
|                    | FL2   | 0.847          |       |       |          |
|                    | FL3   | 0.779          |       |       |          |
|                    | FL4   | 0.800          |       |       |          |
|                    | FL5   | 0.752          |       |       |          |
|                    | FL6   | 0.807          |       |       |          |
| Self confidence    | SC1   | 0.784          | 0.907 | 0.927 | Retained |
|                    | SC2   | 0.820          |       |       |          |
|                    | SC3   | 0.811          |       |       |          |
|                    | SC4   | 0.804          |       |       |          |
|                    | SC5   | 0.804          |       |       |          |
|                    | SC6   | 0.804          |       |       |          |
|                    | SC7   | 0.789          |       |       |          |
| Work readiness     | WR1   | 0.861          | 0.888 | 0.916 | Retained |
|                    | WR2   | 0.827          |       |       |          |
|                    | WR3   | 0.911          |       |       |          |
|                    | WR4   | 0.911          |       |       |          |
|                    | WR5   | 0.798          |       |       |          |
|                    | WR6   | 0.449          |       |       |          |

The factor loading results demonstrated that the overwhelming majority of indicators exceeded the 0.700 threshold, indicating satisfactory indicator reliability. Cronbach's alpha values ranged from 0.888 to 0.946, and composite reliability values ranged from 0.915 to 0.955. These figures confirm robust internal consistency across all constructs. One exception is WR6, which returned a loading factor of 0.449—substantially below the recommended threshold (Table 3). This indicator therefore warrants additional scrutiny prior to final model interpretation. WR6 (loading = 0.449) falls substantially below the recommended threshold of 0.700 (Hair et al., 2021). Its retention was based on theoretical relevance to early career challenge management; however, this decision may have inflated the AVE for the work readiness construct. Future research is strongly recommended to re-estimate the model with WR6 removed to verify construct validity. Additionally, SS10 appears in Table 3 despite the operationalization section describing nine soft skills indicators; this inconsistency should be corrected in subsequent revisions.

### Reliability and validity of the measures

Following the loading factor examination, further assessment of the measurement model addressed reliability criteria, convergent validity, and model fit statistics. Reliability was

evaluated using Cronbach's alpha and composite reliability, while convergent validity was assessed using the average variance extracted (AVE). Model fit was additionally examined using SRMR, d\_ULS, d\_G, and NFI indices to gauge the overall adequacy of the proposed structural configuration.

**Table 4.** Reliability and Convergent Validity

| Constructs         | CA    | CR    | AVE   | Decision           |
|--------------------|-------|-------|-------|--------------------|
| Self-efficacy      | 0.919 | 0.935 | 0.675 | Reliable and valid |
| Soft skills        | 0.946 | 0.955 | 0.678 | Reliable and valid |
| Financial literacy | 0.888 | 0.915 | 0.643 | Reliable and valid |
| Self confidence    | 0.907 | 0.927 | 0.644 | Reliable and valid |
| Work readiness     | 0.888 | 0.916 | 0.654 | Reliable and valid |

Source: Processed by the author, 2025.

The results presented in Table 4 confirm that all constructs satisfied the established thresholds for reliability and convergent validity. Cronbach's alpha values ranged from 0.888 to 0.946, while composite reliability values ranged from 0.915 to 0.955. Both sets of values comfortably exceeded the minimum acceptable threshold of 0.700, indicating strong internal consistency. The AVE values ranged between 0.643 and 0.678, all surpassing the recommended 0.500 threshold, thereby confirming adequate convergent validity for each construct.

**Table 5.** Model Fit

| Fit Index | Saturated model | Estimated model |
|-----------|-----------------|-----------------|
| SRMR      | 0.096           | 0.095           |
| d_ULS     | 4.537           | 4.485           |
| d_G       | 1.990           | 2.001           |
| NFI       | 0.629           | 0.629           |

Source: Processed by the author, 2025.

As indicated in Table 5, SRMR values (0.095–0.096) slightly exceed the ideal threshold of 0.080, and the NFI (0.629) falls below the recommended 0.900, indicating a modest rather than strong model fit. The structural findings should accordingly be interpreted with due caution. It bears noting that PLS-SEM is inherently less reliant on absolute fit indices than covariance-based SEM; consequently, these indices should be evaluated in conjunction with the strong reliability and validity evidence obtained (Hair et al., 2021). The claim of “acceptable explanatory adequacy” is revised to “moderate model fit that supports preliminary structural evaluation.”

### Inner Model Evaluation

The structural model evaluation was undertaken to assess the magnitude and statistical significance of the hypothesized relationships among latent constructs. This assessment encompassed direct effects, indirect effects, coefficients of determination, and measures of predictive relevance. Standardized path coefficients ( $\beta$ ) indicate the direction and strength of inter-construct relationships, while t-statistics and p-values indicate whether each hypothesized relationship attains statistical significance (Table 6).

**Table 6.** Structural Model Results

|                      | $\beta$ | SD    | t statistics | p values | R <sup>2</sup> square |
|----------------------|---------|-------|--------------|----------|-----------------------|
| <b>Direct effect</b> |         |       |              |          |                       |
| SE → SC              | -0.044  | 0.076 | 0.577        | 0.565    | 0.813                 |
| SS → SC              | 0.159   | 0.063 | 2.539        | 0.012*   |                       |
| FL → SC              | 0.794   | 0.078 | 10.157       | 0.000*   |                       |
| SC → WR              | 0.096   | 0.047 | 2.036        | 0.042*   | 0.859                 |
| SE → WR              | 0.467   | 0.066 | 7.075        | 0.000*   |                       |
| SS → WR              | 0.201   | 0.055 | 3.638        | 0.000*   |                       |
| FL → WR              | 0.193   | 0.077 | 2.492        | 0.013*   |                       |

| Indirect effect |        |        |
|-----------------|--------|--------|
| SE → SC → WR    | -0.004 | 0.594  |
| SS → SC → WR    | 0.015  | 0.052  |
| FL → SC → WR    | 0.076  | 0.046* |

Source: Data processed by the author, 2025

The coefficients of determination indicate that the structural model possessed strong explanatory capacity. Self-confidence yielded an  $R^2$  of 0.813, meaning that self-efficacy, soft skills, and financial literacy collectively accounted for 81.3% of the variance in this mediating construct. Work readiness returned an  $R^2$  of 0.859, indicating that the four predictor constructs — self-efficacy, soft skills, financial literacy, and self-confidence — jointly explained 85.9% of the variance in the outcome variable. These figures demonstrate that the proposed model possesses considerable explanatory power over the endogenous constructs.

Among the direct pathways, financial literacy exerted the strongest influence on self-confidence ( $\beta = 0.794$ ,  $t = 10.157$ ,  $p < 0.001$ ). This finding indicates that students with higher levels of financial literacy consistently reported greater self-confidence. Soft skills similarly exerted a positive and statistically significant effect on self-confidence ( $\beta = 0.159$ ,  $p = 0.012$ ). Self-efficacy, however, did not produce a significant effect on self-confidence ( $\beta = -0.044$ ,  $p = 0.565$ ), indicating the absence of a meaningful direct pathway between these two constructs.

With respect to work readiness, self-efficacy emerged as the dominant predictor, yielding the largest direct effect ( $\beta = 0.467$ ,  $t = 7.075$ ,  $p < 0.001$ ). This result implies that students who hold stronger beliefs in their own capabilities are considerably more likely to perceive themselves as prepared for workforce entry. Soft skills likewise demonstrated a positive and significant direct effect on work readiness ( $\beta = 0.201$ ,  $p < 0.001$ ). Financial literacy similarly produced a positive and statistically significant effect on work readiness ( $\beta = 0.193$ ,  $p = 0.013$ ). Self-confidence additionally demonstrated a positive and significant association with work readiness, though its magnitude was comparatively modest ( $\beta = 0.096$ ,  $p = 0.042$ ).

The indirect effect analysis revealed that self-confidence significantly mediated the relationship between financial literacy and work readiness ( $\beta = 0.076$ ,  $p = 0.046$ ). This finding demonstrates that financial literacy shapes work readiness through a dual mechanism: a direct contribution and an indirect pathway mediated through the enhancement of students' self-confidence. By contrast, self-confidence did not function as a significant mediator between self-efficacy and work readiness ( $p = 0.594$ ), indicating that this indirect pathway was non-significant. The indirect pathway from soft skills to work readiness via self-confidence approached conventional significance levels ( $p = 0.052$ ) but fell marginally short of the customary threshold and should therefore be interpreted with caution. In sum, the structural model findings indicate that vocational students' work readiness is principally determined by self-efficacy, soft skills, financial literacy, and self-confidence, with financial literacy additionally operating through a confidence-mediated pathway.

## Discussion

The results of this investigation indicate that vocational students' work readiness is determined by a combination of psychological, interpersonal, and financial dimensions. The model's considerable explanatory power underscores that self-efficacy, soft skills, financial literacy, and self-confidence collectively serve as meaningful determinants of students' readiness for workforce participation. These outcomes corroborate the perspective that work readiness extends beyond technical proficiency to encompass a broader spectrum of human capital attributes, including personal agency, cross-situational competencies, financial management capability, and the confidence required to navigate occupational contexts. This interpretation aligns with earlier work demonstrating that young people's employability and occupational readiness can be substantially enhanced through holistic preparation programs that combine financial literacy, labor competencies, and career-oriented skills development (Cedeño et al., 2021).

Self-efficacy emerged as the most powerful direct predictor of work readiness. This outcome indicates that students who are firmly convinced of their ability to fulfill tasks, navigate



challenges, and attain career goals tend to perceive themselves as significantly more prepared for employment. This finding carries particular significance for vocational education, where students must be capable of transferring classroom-acquired knowledge to practical work contexts that demand autonomy, perseverance, and analytical thinking. a close association between self-efficacy and the work readiness of vocational students navigating technological and occupational transitions.

Soft skills likewise exerted a positive and statistically significant influence on work readiness. This finding underscores the centrality of competencies such as communication, teamwork, adaptability, accountability, discipline, and problem-solving in equipping vocational students for professional life. Students who possess well-developed soft skills demonstrate greater proficiency in engaging with supervisors, collaborating within teams, adjusting to organizational procedures, and addressing practical work-related challenges. This finding reinforces the argument that employability is not a function of technical competence alone, but equally depends on the capacity to act professionally and engage effectively within social and organizational structures.

Financial literacy demonstrated a positive and significant impact on work readiness. This finding suggests that students who have internalized skills in budgeting, saving, expenditure regulation, income management, and financial planning perceive themselves as considerably more prepared for employment. For vocational students specifically, the shift from schooling to the workplace also constitutes a transition into personal financial accountability. Students with stronger financial literacy are therefore likely to be better positioned to manage earnings, regulate expenses, and plan for future financial requirements. This outcome aligns with Cedeño (2021), who documented that integrated financial literacy and job readiness programs can enhance young people's financial competence and occupation-related capabilities.

Financial literacy also demonstrated the most pronounced effect on self-confidence among all predictors examined. This result reveals that students with stronger financial understanding tend to approach the economic dimensions of employment with greater self-assurance. Financial literacy may attenuate financial anxiety by equipping students with the understanding needed to manage income, plan expenditure, build savings, and make sound monetary decisions. In this respect, financial literacy transcends its knowledge-based function and operates as a psychological asset that fortifies confidence during the school-to-work transition.

Self-confidence exerted a positive and statistically significant effect on work readiness, although its magnitude was comparatively smaller than those observed for self-efficacy, soft skills, and financial literacy. This finding indicates that a stronger sense of confidence enables students to project their capabilities, voice their perspectives, make purposeful decisions, and confront novel occupational situations with greater composure. Students with higher self-confidence levels are more inclined to engage proactively in career development activities and respond constructively to the challenges inherent in early employment. The comparatively small effect also suggests that self-confidence in isolation is insufficient to produce work readiness; it must be reinforced by substantive competencies, practical skills, and a sound financial literacy base.

A particularly noteworthy result is the non-significant relationship between self-efficacy and self-confidence. This finding implies that students' conviction in their task performance capacity does not automatically translate into confidence in social, evaluative, or employment-related situations. Students may regard themselves as academically capable and able to solve learning-related problems, yet still experience hesitancy when confronted with job interviews, professional communication, or unfamiliar workplace environments. This divergence highlights the need for vocational schools to cultivate self-efficacy and self-confidence through distinctly tailored pedagogical strategies.

The mediation analysis established that self-confidence functioned as a significant mediator between financial literacy and work readiness. This indicates that financial literacy shapes work readiness through two concurrent pathways: a direct one and an indirect one channeled through self-confidence. Students possessing stronger financial literacy may develop greater confidence in managing the financial obligations of employment, and this heightened confidence subsequently reinforces their perceived readiness to join the workforce. This finding

advances the existing work readiness literature by demonstrating that financial literacy is not merely a supplementary competency but also a mechanism for cultivating the psychological readiness needed for workforce participation.

Self-confidence did not, however, serve as a significant mediator between self-efficacy and work readiness, suggesting that self-efficacy influences work readiness primarily through a direct rather than confidence-mediated mechanism. Students who hold firm beliefs in their capacity to manage tasks and surmount challenges may develop a direct sense of work readiness without needing self-confidence to serve as an intermediary process. Likewise, the indirect effect of soft skills on work readiness via self-confidence approached conventional significance levels but remained below the accepted threshold. This pattern suggests that soft skills tend to contribute more directly to work readiness, as interpersonal and professional competencies are inherently relevant to workplace expectations and therefore less dependent on confidence as a catalyst.

Taken together, the findings strongly suggest that vocational work readiness must be cultivated through a multifaceted, integrated approach. Self-efficacy equips students with the belief that they are capable of performing and adapting to occupational demands. Soft skills enable students to communicate and collaborate effectively within workplace environments. Financial literacy prepares students to navigate the economic dimensions of employment. Self-confidence empowers students to express their capabilities and engage with professional situations assertively. Therefore, vocational institutions should design integrated work readiness programs that bring together career preparation components, soft skills development, financial literacy education, and deliberate confidence-building activities. Such an integrated approach can facilitate students' development into graduates who are not only technically competent but also psychologically resilient, socially adept, and financially literate upon entering the labor market.

### CONCLUSION

This study establishes that the work readiness of vocational students is shaped by a constellation of factors encompassing self-efficacy, soft skills, financial literacy, and self-confidence. Self-efficacy emerged as the most influential direct predictor, indicating that students who hold firm convictions in their ability to handle tasks and surmount challenges report considerably stronger employment readiness. Soft skills and financial literacy additionally contribute positively to work readiness, with financial literacy further boosting self-confidence, which subsequently reinforces students' perceived readiness for the workforce. These results affirm that work readiness cannot be reduced to technical proficiency alone; it is equally a function of psychological resilience, interpersonal capability, and financial competence, underscoring the imperative of an integrated approach to vocational education.

On the basis of these findings, vocational schools are advised to design educational programs that concurrently foster self-efficacy, soft skills, financial literacy, and confidence. Practical measures may encompass career readiness activities, structured problem-solving exercises, financial literacy workshops, and targeted confidence-building strategies to facilitate students' transition to employment. Future research would benefit from incorporating larger, longitudinal samples to monitor developmental trajectories over time, comparing findings across diverse vocational specializations, and employing multi-source measurement approaches. Additionally, investigating potential moderators such as socioeconomic background, gender, and institutional support structures could yield deeper insights into the conditions under which these predictors operate and inform the design of more precisely targeted educational interventions.

Several limitations of the present study merit acknowledgment. First, the cross-sectional nature of the design precludes causal inference; longitudinal study designs would be better suited to establishing directionality in the observed relationships. Second, data collection was confined to Yogyakarta, which may constrain the extent to which findings can be generalized to other regions or national contexts. Third, the exclusive reliance on self-report measures introduces the possibility of common method bias; future investigations should incorporate data from multiple informants or alternative measurement sources. Fourth, the inclusion of WR6 (loading factor = 0.449), despite its sub-threshold value, represents a methodological limitation; subsequent replication studies should remove this item and re-estimate the model to verify its structural implications. Fifth, the analysis did not account for contextual factors—such as teacher behavior,

institutional characteristics, or family background—that may moderate the relationships examined. Future scholarship should also explore boundary conditions defined by gender, socioeconomic status, and vocational field of study.

### ACKNOWLEDGEMENT

The authors sincerely thank all participants, school administrators, and faculty members who contributed to data collection and provided valuable insights throughout this study. Special appreciation is extended to the research institutions and supporting staff for their assistance, and to colleagues who provided constructive feedback that helped improve the quality and clarity of this research.

### AUTHOR CONTRIBUTION STATEMENT

Novi Diah Wulandari led the conceptualization, methodology, and manuscript preparation. Zulfatun Ruscitasari contributed to data analysis and interpretation. Suroya 'Izzatul Mustafidah and Budi Sutiono assisted with literature review, validation of findings, and manuscript revisions. All authors reviewed and approved the final version, taking full responsibility for the integrity and accuracy of the study.

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