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The Effect of Entrepreneurial Knowledge and Self-Efficacy on Business Success through Business Motivation as Mediation (Study on Food Sector Millennial MSMEs in DKI Jakarta)

Nadiah Nurli Fadilah[1]*, Saparuddin Mukhtar[2], Karuniana Dianta A. S.[3]

[1-3]Universitas Negeri Jakarta, Indonesia

E-mail: [1)] nadiahnurlifadilah28@gmail.com, [2)] saparuddin@unj.ac.id, [3)] dianta.sebayang@unj.ac.id

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ABSTRACT

The purpose of this research is to investigate how the combination of entrepreneurial expertise and self-confidence impacts the success of small and medium enterprises owned by millennials in the food industry in DKI Jakarta. The study also examines how motivational factors within these businesses can influence their overall success. The research utilised a quantitative method by sending out surveys to 150 participants. Structural Equation Modelling (SEM) with SmartPLS was used to analyse the data. The findings suggest that entrepreneurial expertise does not greatly impact business success, but self-belief has a meaningful and beneficial influence. Additionally, the drive to succeed in business is shown to play a role in linking self-belief and entrepreneurial knowledge to business success. These findings highlight that in the context of food sector millennial MSMEs in DKI Jakarta, internal factors such as self-confidence and business motivation are more critical to achieving business success than entrepreneurial knowledge alone. The goal of this research is to aid in the creation of strategies for empowering small and medium-sized enterprises, with a focus on bolstering the mental well-being of entrepreneurs in order to improve their competitiveness and boost local economic advancement.

Keywords: Entrepreneurial Knowledge, Self Efficacy, Business Motivation, Business Success, MSMEs

1. INTRODUCTION

The research background, research gaps, and research objectives are outlined briefly in the introduction. It is important for the introduction to be concise and backed up with appropriate sources. In Indonesia, Micro, Small, and Medium Enterprises play a crucial role in the economy, making up 61% of the Gross Domestic Product (GDP) and employing around 97% of the country's workforce. Especially in the food sector, millennial MSMEs in DKI Jakarta are one of the main pillars in supporting local economic growth. The success of MSMEs is characterised by increased income, business expansion, and sustainable competitiveness.

There are several elements that can impact the success of a business, with entrepreneurial expertise being one of the key factors. According to Fitriyani et al. (2019), entrepreneurial knowledge has a positive influence on the growth and success of small businesses, especially in improving innovation and business management capabilities. However, the level of entrepreneurial literacy in Indonesia is still low, at 1.65% (BPS, 2021), which indicates the need to strengthen entrepreneurial capacity, especially among the younger generation. In addition to knowledge, self-efficacy or belief in one's own abilities is also an important factor in supporting business success. Halimah and Laily (2018) found that self-efficacy is positively related to business success through increased resilience and ability to face business challenges. Individuals with high self-efficacy tend to have greater fighting power in achieving their business goals (Mufaqoh & Anisa, 2022).

However, business success does not only depend on knowledge and self-efficacy. Business motivation is an important variable that acts as a mediator. Maryadi (2021), shows that motivation in business has the

potential to enhance the connection between self-belief and success in business. Likewise, the findings of Ambarwati and Fitriasari (2021) confirm that strong motivation can encourage entrepreneurs to remain enthusiastic and innovative in developing their business, thereby increasing the chances of success. Drawing on existing research and context, this research intends to explore how the combination of entrepreneurial knowledge, self-belief, and drive can influence the success of small and medium-sized businesses among millennials in the food industry in DKI Jakarta. With the hope that the development of more successful and competitive millennial MSMEs will be able to encourage sustainable local and national economic growth.

2. LITERATURE REVIEW

2.1. Theory of Resource Based Theory

This theory is Resource Based Theory (RBT) comes from strategic management theory which states that businesses can achieve competitive advantage if they have superior resources (Reigeluth et al., 2016). According to Nazaria and Tarsono (2020), company resources are heterogeneous and provide unique characteristics for each business. Dodor and Akolgo (2022) explained that RBT is based on two main assumptions: first, resource heterogeneity allows firms to have distinct advantages; second, resource immobility makes these advantages difficult to imitate. In addition, complexity in resource trade between firms reinforces competitive differences (Marikyan & Papagiannidis, 2023).

2.2. Resource-Based View

This theory is Resource Based View (RBV) is a theory that emphasises that the performance and competitive advantage of a company is highly dependent on its internal resources (Rohmasari & Fakhroni, 2023). This theory focuses on how management manages the company's assets, capabilities, and competencies to create value that is difficult for competitors to replicate. According to RBV, resources that can be a source of competitive advantage must fulfil four main criteria known as the VRIN concept (Barney & Arikan, 2005), namely:

a) Valuable: Resources must provide benefits to the company in exploiting opportunities or overcoming threats.
b) Rare: The resource is not owned by many competitors.
c) Imperfectly Imitable: The resource is not easily copied or imitated by other firms.
d) Non-substitutable: No other resource can replace the function of the resource.

By prioritising the management of these distinct and precious assets, organisations have the opportunity to cultivate a lasting competitive edge. For small and medium enterprises, particularly young entrepreneurs in the food industry, these assets may consist of unique abilities in creating new products, proficiency in management, extensive professional connections, and innovative digital marketing strategies. The Resource-Based View theory also emphasises the significance of not just possessing assets, but also building adaptive skills - the capacity to refresh, merge, and guide assets in response to the swiftly evolving business landscape. In other words, the success of a business depends not only on how many assets it has, but also on how it manages, develops, and utilises those assets to create long-term advantage.

2.3. Previous Research

Several studies have examined the various factors contributing to business success, particularly in the context of MSMEs. Irmayana (2023) explored how entrepreneurial skills affect business outcomes and concluded that entrepreneurial expertise has a significant and positive influence on business success. Similarly, Mufaqoh and Anisa (2022) investigated the role of self-belief, financial resources, and drive in business performance, with findings indicating that self-confidence plays a crucial role in achieving success in business endeavors. Laurens and Kohardinata (2020) examined the impact of business drive and skills, finding that motivation significantly affects business success, accounting for 57.1% of the variance in outcomes. Laia (2022) focused on the relationship between entrepreneurial knowledge and motivation, concluding that entrepreneurial knowledge positively influences motivation by enhancing individuals' desire and application of skills in entrepreneurial activities.

Cita (2016) assessed the influence of self-belief on employee productivity using motivation as a mediator, specifically at the Jambi Provincial Communication and Informatics Office, and found that self-belief positively affects motivation. Nainggolan (2024) investigated the combined impact of entrepreneurship and motivation on the prosperity of retail businesses in Asia Mega Mas Medan using data from 51 respondents, revealing a significant combined effect of entrepreneurial knowledge and motivation on business success. Nuryatimah and Dahmiri (2021) studied the effects of motivation, HR competence, and self-efficacy on small and medium banana-selling enterprises in Purwobakti Bungo Regency, concluding that both motivation and self-efficacy have significant positive effects on business success, both individually and together. Finally, Irwanto and Ie (2023) explored the influence of self-belief, entrepreneurial knowledge, and drive in the F&B sector in West Jakarta, finding that these three factors together have a strong and positive impact on business success, contributing to an impressive 85.9% of performance outcomes.

3. RESEARCH METHODS

3.1. Research Design

In this study, the researcher utilises a quantitative methodology, specifically a survey-based design. Sugiyono (2013) explains that the philosophy of positivism is ideal for quantitative research involving specific samples. In this research, a Google form questionnaire is utilised as a means of measurement, with the information gathered based on the responses provided by participants. The primary data used in this study is directly obtained from the individuals being studied.

Researchers try to describe data about objects or research variables in MSMEs in the consumption sector in Jakarta. This research object was chosen as a research site because food sector MSMEs in the DKI Jakarta area have an important role in the local and national economy and the number of MSMEs engaged in the food sector has a large number among other sectors.

3.2. Research Sample

The method testing strategy used in this research is purposive testing, which means that the sample is selected by considering extraordinary considerations. The participants in this study are residents of DKI Jakarta with an age range of 27-40 years, which is included in the millennial generation classification according to the population census of the Central Statistics Agency. In the context of this study, the total population of Micro, Small and Medium Enterprises in the DKI Jakarta Region in the Food Sector as of 2023 is 50,006 people.

3.3. Data Collection Tools and Procedure

This data was obtained through direct distribution of questionnaires to all millennial generation Food Sector MSME players in DKI Jakarta. The data analysis used to analyse the data collected in this study is a Likert scale. The Likert scale serves as a safeguard for each response given by respondents, ensuring that each response is given a weight value and the ability to assess its significance (Olivia & Nurfebiaraning, 2019). Each answer point has a different score, this method is used so that researchers can find out and have data about the assessment given by each respondent to draw conclusions.

3.4. Data Analysis

The researchers use Structural Equation Model analysis or known as SEM is a statistical method used to analyse complex relationships between variables in one integrated model. In SEM, you can model the causal relationship between latent variables (which are not directly measured) and manifest variables (which are directly measured). Researchers use the SmartPLS or Smart Partial Least Square software application which is statistical software designed to build relationships between variables (Harahap, 2020). In PLS-SEM, the measurement model (outer model) and structural model (inner model) are both used for evaluating the model. The main goal of this evaluation is to ascertain the model's validity and dependability.

4. RESULTS AND DISCUSSION

Data description is an overview related to the distribution of data used in research. In this study there are four variables involved as research benchmarks, including entrepreneurial knowledge (X1), self efficacy (X2), business motivation (Y) and business success (Z). In this exploration, the information picture consists of two kinds, namely the respondent profile and the information profile. The respondent's profile contains general information about the respondent. In this research, participants from various districts in Jakarta were surveyed, including East Jakarta, West Jakarta, South Jakarta, North Jakarta, and Central Jakarta. The data was gathered from a total of 150 participants.

4.1. Research Results

4.1.1. Data Analysis

All five direct relationships between variables display a t-value exceeding 1.91 and a p-value below 0.05, suggesting the significance of each hypothesis, except for the PK variable, which does not indicate significance. The constraints of hypothesis testing become apparent when path coefficients have values above zero indicating a positive relationship or below zero indicating a negative relationship. The outcomes of path coefficients are displayed in the following manner:

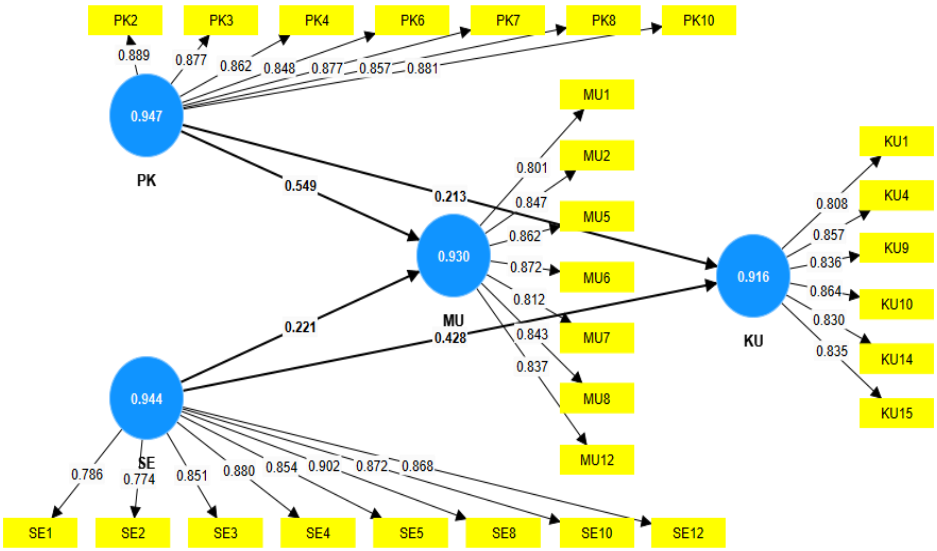

Figure 1. Structural Model Picture

Table 1. Correlation Analysis Results between School Climate and School Effectiveness

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Desc
Direct Effects						
PK -> KU	0.015	0.010	0.079	0,192	0,848	Rejected
SE -> KU	0,347	0,350	0.089	3.895	0.000	Accepted
MU -> KU	0,365	0,370	0.087	4.205	0.000	Accepted
PK -> MU	0,548	0,547	0.083	6.639	0.000	Accepted
SE -> MU	0,222	0,227	0.083	2.672	0.008	Accepted
Indirect Effects						
PK->MU->KU	0.200	0.202	0.058	3.464	0.001	Accepted
SE->MU->KU	0.081	0.083	0.035	2.298	0.022	Accepted

4.2. Discussions

The study aimed to investigate various factors influencing business success, including entrepreneurial knowledge, self-belief, motivation, and self-confidence, along with their mediating effects. The analysis began with assessing the impact of entrepreneurial knowledge on business success. Although the path coefficient was 0.015, indicating a positive direction, the t-statistic of 0.192 was below the threshold of 1.96, and the p-value of 0.848 exceeded 0.05. These results suggest that entrepreneurial knowledge has a negligible or non-significant effect on business success, leading to the rejection of the initial hypothesis.

In contrast, the second hypothesis examined the influence of self-belief (or self-efficacy) on business success. The data revealed a path coefficient of 0.347, a t-statistic of 3.895, and a p-value of 0.000, all of which point to a significant and positive relationship. Therefore, the hypothesis was supported, confirming that self-belief plays a meaningful role in enhancing business success. Similarly, the third hypothesis tested the effect of business motivation on success. With a path coefficient of 0.365, a t-statistic of 4.205, and a p-value of 0.000, the results demonstrated that business motivation significantly and positively impacts business success, thereby validating the hypothesis.

The fourth hypothesis focused on the relationship between entrepreneurial knowledge and business motivation. The findings indicated a strong positive influence, supported by a path coefficient of 0.548, a t-statistic of 6.639, and a p-value of 0.000. These results confirm that entrepreneurial knowledge significantly contributes to motivating business endeavors. The fifth hypothesis explored the effect of self-confidence on entrepreneurial drive, showing a path coefficient of 0.222, a t-statistic of 2.672, and a p-value of 0.008. These metrics affirm that self-confidence significantly and positively influences entrepreneurial drive.

Furthermore, the study investigated mediating effects. The mediation analysis revealed that business motivation significantly mediates the relationship between entrepreneurial knowledge and business success, as evidenced by a t-statistic of 3.464 and a p-value of 0.001. This highlights the critical role of motivation in translating entrepreneurial knowledge into business outcomes. Lastly, the mediation effect of entrepreneurial drive between self-confidence and business success was also significant, with a t-statistic of 2.298, a p-value of 0.022, and an effect size of 0.081. This supports the hypothesis that entrepreneurial drive mediates the relationship between self-confidence and business success, underscoring the importance of internal drive in achieving entrepreneurial outcomes.

5. CONCLUSIONS

Based on the results of the study, it can be concluded that entrepreneurial knowledge does not directly affect business success in food sector millennial MSMEs in DKI Jakarta. This shows that even though business actors possess entrepreneurial knowledge, this factor alone is not sufficient to guarantee business success. In contrast, self-efficacy has been proven to have a positive and significant effect on business success, indicating that a strong sense of self-confidence in managing and developing a business is a key determinant of success. Furthermore, business motivation serves as a mediating variable that strengthens the relationship between self-efficacy and business success. This means that the higher the level of self-efficacy supported by strong business motivation, the greater the opportunity for MSMEs to achieve success. These findings confirm that, in the context of millennial MSMEs, business success is more influenced by internal strengths, such as self-confidence and motivation, rather than solely by entrepreneurial knowledge.

Based on these findings, several suggestions can be made to enhance MSME development efforts. First, training programs should be designed not only to impart knowledge but also to build entrepreneurs' self-efficacy through practical experience, mentorship, and confidence-building activities. Second, initiatives aimed at enhancing business motivation, such as goal-setting workshops, personal development programs, and peer support networks should be implemented to sustain the drive and passion of business actors. Third, an integrated approach that combines coaching, motivation enhancement, and strategic business planning may be more effective in supporting sustained success. Finally, support systems should be tailored to the characteristics of millennial entrepreneurs, taking into account their values, digital proficiency, and preference for meaningful and adaptive learning experiences.

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