The Effect of Creativity and Self-Efficacy on the Performance of Culinary MSMEs with Entrepreneurship Orientation as Mediation

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ABSTRACT
This study aims to determine the effect of creativity and self-efficacy on the performance of culinary MSMEs with an entrepreneurial orientation as a mediation. The number of samples used in this study were 100 samples who were culinary MSMEs entrepreneurs in West Jakarta. Methods and sampling techniques in this study use non-probability sampling (purposive sampling). Data collection is done online through google forms and in person. The data analysis technique in this research is the SEM-PLS method using the SmartPLS 3.0 software. The results show that creativity affects the business performance of culinary MSMEs, self-efficacy affects the business performance of culinary MSMEs, entrepreneurial orientation affects the business performance of culinary MSMEs, and entrepreneurial orientation does not mediate the two relationships between creativity and self-efficacy on the business performance of culinary MSMEs.

Keywords: Creativity, Self Efficacy, Entrepreneurial Orientation, Business Performance

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are one of the most important pillars of Indonesia's economic activities. The community certainly has a high role in the growth of Micro, Small, and Medium Enterprises (MSMEs) to sell various goods and services. According to data from the Ministry of Industry throughout 2020, the culinary industry or the food and beverage industry which is part of the non-oil and gas processing industry turned out to be the most significant contributor to the national Gross Domestic Product (GDP) by 7.02%. The food and beverage industry was also recorded as the highest export contributor of Rp. 27.59 billion in the manufacturing group during January – November in 2020. The Coronavirus Disease – 19 (Covid – 19) pandemic caused the Indonesian economy to slump, and forced people to survive to admit economic downturn. Business owners must of course survive by planning and implementing new strategies for their businesses to adapt to the COVID-19 pandemic and keep increasing company sales, Eunike and Utama [1]. Much research has focused on identifying the determinants of small company performance to help business owners increase small business growth by Blackburn et al. [2]. However, an important factor for competitive advantage and performance improvement for any type of business is the entrepreneurial orientation, Lotz and Van der Merwe [3]. Entrepreneurial orientation is a three-dimensional concept consisting of innovation, proactiveness, and risk-taking actions by Miller [4].

An entrepreneur is a creative individual, an individual who is encouraged to design a new technological product, develop new products, find new combinations of factors of production, and corner new markets, Schumpeter [5]. Creativity is the ability of a person to develop new ideas and find new ways to turn problems into opportunities, Zimmerer et al. [6]. Entrepreneurs who do not pay attention to creativity in a business will certainly find it difficult to improve company performance because creativity plays a major role in business performance, Ahlin et al. [7].

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Creativity is associated with general self-efficacy, which is defined as an entrepreneur's belief about his or her ability to achieve a defined level of performance, Prabhu et al. [8]. In an entrepreneur, of course, self-efficacy is seen as important because in running a business, entrepreneurs must believe in their ability to carry out various tasks and face various difficult situations in unexpected business, Baum and Locke [9]. The level of knowledge in an entrepreneur certainly affects the self-efficacy of the entrepreneur, an entrepreneur who lacks experience or even has no experience then they will find it difficult to evaluate their self-efficacy, Føleide [10]. Of the several determinants of company performance that have been mentioned, it turns out that there is a recurring debate in the literature associating the personal characteristics of business owners by Rauch and Frese [11] with a company-level entrepreneurial orientation by Wiklund et al. [12] and company performance. The debate occurs because according to Aldrich and Wiedenmayer [13] entrepreneurial orientation is a more important concept than individual personal skills, while according to Chakravarthy and Lorange [14] states entrepreneurial traits are the most important thing in achieving business performance.

2. THEORETICAL REVIEW

2.1. Theoretical Foundation

The theory that underlies this research is the theory of Resource Based View or known as RBV. Resource Based View (RBV) theory was first pioneered by Wernerfelt [15]. RBV theory views that the company's internal resources and capabilities are the basis of competitive capabilities and business performance. RBV theory takes a particular perspective on why organizations can succeed or fail in a market by Dicksen [16] and focuses on firm attributes that are difficult to imitate as sources of performance and competitive advantage, Barney [17]. In order to become a potential resource in competitive advantage, the company's resources must have value, are rare, have no substitute resources, and cannot be imitated.

2.2. Entrepreneurial Orientation

Entrepreneurial orientation is a company that is processed by entrepreneurs who are involved in carrying out various product or service innovations, are proactive in innovating, and dare to take risks in the company by Miller [18]. Entrepreneurial orientation is also the tendency of entrepreneurs to innovate, be proactive and take risks to manage the company they run by Ginsberg [19].

The tendency of top management to always take planned risks, be innovative, and proactively see opportunities is also an entrepreneurial orientation by Morris and Paul [20]. In companies, entrepreneurial orientation is a very important key for companies to grow and is an important key so that companies can innovate in products and services, Hakala [21]. Entrepreneurial orientation which is a strong value or characteristic in business owners will dare to take risks, have good innovation, and continue to look for opportunities that will have an impact on the growth of the company's performance.

2.3. Creativity

Creativity is unlimited freedom, which applies the rules of how to think creatively and in general so that it can be understood by the public, accepted and appreciated by thinking, if it is not accepted by general thinking then the results of the thought will look uncreative in the eyes of society by Wright [22]. Creativity is a source of inspiration and innovation, Kapucu and Ustun [23]. Creativity is a person's thinking process in a unique and different way, which produces interesting ideas to face challenges, find solutions to problems, and create opportunities from various situations, Bhaduri [24].

Creativity is an initiative towards a product or process that is valuable, appropriate, useful, and correct for a heuristic task, which is something that is a guide or guide that leads us to learn and discover something new by Hadiyati [25]. Creativity is a person's ability to think freely which can give birth to valuable and useful ideas in solving difficult situations and creating something new in the company being run.
2.4. Self Efficacy

Self-efficacy is an individual's belief in his or her ability to organize and perform a series of actions needed to achieve a specified level of performance, and can be the basis for assessing a person's level of commitment by Bandura [26]. Self-efficacy is a personal estimate in the form of an individual's cognitive and physical ability to exercise control over situational demands that occur within the company, Sweida and Reichard [27]. Self-efficacy is the assessment of others on their ability to organize and perform some necessary actions in an effort to achieve the results determined by the person, mastering the necessary cognitive, memory processing and behavioral facilities to deal effectively and efficiently with various environmental conditions, Segul et al. [28].

An entrepreneur who has a lot of experience and wants to learn new things, self-efficacy can increase and make the individual more confident in running his business and when faced with various difficult situations, the individual is able to handle it effectively and efficiently.

2.5. Business Performance

Business performance is the level of effectiveness and efficiency where an organization carries out its function in implementing an optimal organization to meet consumer demands and customer expectations, Tajbakhsh and Shamsi [29]. Business performance is also related to the effectiveness of an organization that shows the organization's capacity to implement and integrate resources optimally to provide products and services that meet the requirements and expectations of customers and consumers, Al-Dmour et al. [30].

The main indicator of business performance is profitability which can be determined by return on assets and equity in Al-Ameedee and Alzahrh [31]. Successful business performance certainly depends on the ability of a business to gain profits through the availability of available resources and the creation of new challenges, Lechner and. Gudmundsson [32].

2.6. Creativity and Business Performance

In Pretorius et al. [33] success in starting a business certainly requires creativity to look different from competitors, where creativity is an integral part of entrepreneurial skills. The success of creativity in business is not only determined by the thoughts or treatment of different people, but the creative ideas must of course be appropriate, useful, and can provide creative solutions to existing problems so that a business can achieve a competitive advantage and improve business performance, Utama and Nadi [34]. To improve business performance, an entrepreneur needs to build a competitive spirit with creativity as a principle that must be held by entrepreneurs, Bridge et al. [35], and constantly develop and maintain a creative organizational culture, Ahlin et al. [36]. The hypotheses in this study, based on the explanation above, are as follows:

H1: Creativity affects the Business Performance of Culinary MSMEs in West Jakarta.

2.7. Self Efficacy and Business Performance

Self-efficacy is considered by Poon et al. [37] as a personal trait of entrepreneurs that affects the performance of small companies. Self-efficacy is an individual's belief in his or her ability to organize and take the necessary actions to achieve the level of business performance determined by the entrepreneur, as well as being the basis for assessing one's commitment, Bandura [38]. With an entrepreneur self-efficacy level, they can achieve good business performance because they try their best and learn from the mistakes they have experienced. The hypotheses in this study, based on the explanation above, are as follows:

H2: Self-efficacy affects the Business Performance of Culinary MSMEs in West Jakarta.

2.8. Entrepreneurial Orientation and Business Performance

In making important decisions for a company, the company must make the right strategy, and entrepreneurial orientation becomes a process in making entrepreneurial strategies that will be used in
maintaining the vision and mission and creating competitive advantages for the company, Rauch et al. [39]. In Zahra and Covin [40] a business or venture with a high entrepreneurial orientation can target specific market segments and manage market trends better than competitors. They can monitor market changes and respond quickly to these changes to take advantage of emerging opportunities. In responding to rapid changes in the market and taking advantage of emerging opportunities, a company certainly creates new innovations compared to competitors. The hypotheses in this study, based on the explanation above, are as follows:

H3: Entrepreneurial Orientation affects the Business Performance of Culinary MSMEs in West Jakarta.

2.9. The Mediating Effect of Entrepreneurial Orientation

Business performance and self-efficacy of an individual mediated by entrepreneurial orientation have been suggested by Poon et al. [41], which Rosenbusch et al. [42] explains that an entrepreneur who has a high level of self-efficacy can face various challenges that can obtain various required resources from the environment. Resources obtained from the environment can be allocated to a proactive and innovative business project to achieve superior business performance compared to competitors. The relationship between creativity and business performance with an entrepreneurial orientation as mediation is also suggested by Rosenbusch et al. [42]. In Puhakka [43] explains that a company must adapt or run a proactive and innovative strategy first so that an entrepreneur can explore and exploit new ideas. The hypotheses in this study, based on the explanation above, are as follows:

H4: Entrepreneurial Orientation Mediates the Relationship between Creativity and Business Performance of Culinary MSMEs in West Jakarta

H5: Entrepreneurial Orientation Mediates the Relationship between Self-Efficacy and Business Performance of Culinary MSMEs in West Jakarta.

3. RESEARCH METHOD

In this study, researchers used descriptive research methods. The method used in this study is a quantitative research method. Quantitative research methods are research that uses statistical procedures or other methods with measurements to give birth to a discovery, Sujarweni [44]. The population in this study is the owner of culinary MSMEs in West Jakarta, with samples used as many as 100 respondents taken from the areas of Binus Anggrek, Tanjung Duren, Greenville, and Taman Palem. The data used in this study is primary data which is direct data from related respondents obtained by distributing online questionnaires via google form and directly.

The sampling method in this research is non-probability sampling. The sampling technique is purposive sampling. This study uses a five Likert Scale (from 1-strongly disagree to 5-strongly agree) to all independent variables. For dependent variable uses a five Likert Scale (from 1-much worse to 5-much better). Respondents are expected to determine their disagreement or agreement with the questions or statements in the questionnaire.

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4. RESULTS

Validity in research can be seen through convergent validity and discriminant validity. The criteria for convergent validity values can be measured by the loading factor value on each indicator and the average variance extracted (AVE) of each variable. Convergent validity is considered valid if the average variance extracted (AVE) value is more than 0.50 (> 0.50) and the loading factor value of each indicator is said to be fulfilled if the loading factor value is > 0.5. In this study, the lowest loading factor value is 0.642 and the highest is 0.884, which means that all indicators meet the requirements. The AVE value for the creativity variable is 0.725, the self-efficacy variable is 0.724, the entrepreneurial orientation variable is 0.540, and the business performance variable is 0.713.

To see whether an indicator is reliable in a study if the value of each variable in composite reliability is greater than 0.7 (> 0.7) and the value of each variable in Cronbach's alpha is greater than 0.7 (> 0.7), Hair et al. [45]. The composite reliability value of the creativity variable is 0.913, the self-efficacy variable is 0.913, the entrepreneurial orientation variable is 0.913, and the business performance is 0.882. While Cronbach's alpha value of creativity variable is 0.874, the self-efficacy variable is 0.873, the entrepreneurial orientation variable is 0.894, and business performance is 0.799. From the results of the composite reliability and Cronbach's alpha values in this study, all indicators are reliable.

The value of the determinant coefficient or R-Square is used as an assessment and explains how much influence exogenous variables have on endogenous variables. Coefficient values above 0.75 indicate a strong influence, coefficient values from 0.5 to 0.75 indicate a moderate effect, and coefficient values from 0.25 to 0.5 indicate a weak effect. In this study, the value of the determinant coefficient of the business performance variable is 0.533, which means that 53% of the creativity, self-efficacy, and entrepreneurial orientation variables affect business performance, while the remaining 47% are influenced by other variables not discussed in this study. The Q-square value or prediction relevance serves to measure how well the observation value and the estimation of variable parameters are. Q-Square can be said to be good if it has a value greater than 0 (> 0). In this study, the q-square value is 0.294, which means it has a moderate effect because the value is above 0.15.

This study has an interpretation of the GoF value which is included in the large group, where the large group must be worth more than 0.36 while in this study the GoF value is 0.599. In testing the hypothesis, it can be seen through the t-statistics and p-values of each relationship between variables carried out through bootstrapping. The hypothesis can be accepted if the t-statistic value in the study is greater than 1.96 (> 1.96), and the p-value < 0.05 (α=5%). In Figure 2, you can see the results of testing the three hypotheses in this study using the SmartPLS 3.0 software.

Based on the results of testing the first hypothesis, it can be said that creativity affects the business performance of culinary MSMEs, which can be seen with the t-statistics value of 3.645 and the p-value of 0.000. The second hypothesis can be said that self-efficacy affects the business performance of culinary MSMEs, it can be seen with the t-statistics value of 3.228 and the p-value of 0.001. The third hypothesis can be said that the entrepreneurial orientation affects the business performance of culinary MSMEs can be seen with the t-statistics value of 2.031 and the p-value of
0.043. Meanwhile, the results of the mediation test or the indirect effect through bootstrapping can be seen in Table 1.

<table>
<thead>
<tr>
<th>Code</th>
<th>Variable</th>
<th>t-Statistics</th>
<th>p-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>Creativity → Entrepreneurial Orientation → Business Performance</td>
<td>0.799</td>
<td>0.425</td>
</tr>
<tr>
<td>H5</td>
<td>Self-Efficacy → Entrepreneurial Orientation → Business Performance</td>
<td>1.619</td>
<td>0.106</td>
</tr>
</tbody>
</table>

The fourth hypothesis can be said that entrepreneurial orientation does not mediate the relationship between creativity and business performance of culinary MSMEs can be seen with the t-statistics value of 0.799 and p-value of 0.425. The fifth hypothesis can be said that entrepreneurial orientation does not mediate the relationship between self-efficacy and business performance of culinary MSMEs, it can be seen with the t-statistics value of 1.619 and p-value of 0.106.

5. DISCUSSIONS

From the hypothesis testing above, it is stated that creativity affects the business performance of culinary MSMEs. Business performance can be better, improved, and qualified, where business owners who have high creativity can implement these creative ideas into the application of business performance so that the business can run more effectively and efficiently, Giampaoli and Ciambotti [46]. This is also in accordance with the opinion that the creativity produced not only answers the needs of consumers, but also can solve a problem that exists in society, create a better service creatively, and of course make a unique, innovative, and creative product to improve performance the effort, Nordenflycht [47].

The test also states that self-efficacy affects the business performance of culinary MSMEs. Self-efficacy can increase optimism about the business it runs, perseverance in carrying out all its business activities, and resilience in facing various obstacles and challenges that will later affect business performance. This is in accordance with Judge et al. [48] that their belief makes their awareness increase, they are aware of their ability to manage the business so that business performance increases. Those who have high self-efficacy, can set their business goals ambitiously and are dedicated to achieving these goals, Chen et al. [49]. This is also in accordance with Khedhaouria et al. [50] that experienced entrepreneurs can increase entrepreneurial self-efficacy scores because of past mistakes and current successes, so that those who are experienced can make a better business performance at this time.

Then the entrepreneurial orientation also affects the business performance of culinary MSMEs. The entrepreneurial orientation have a good impact on business performance, because with innovation a company is far superior to competitors, and an entrepreneur who is proactive in seeking new opportunities will certainly one step ahead of competitors. An entrepreneur who dares to take risks full of uncertainty in running a business can provide good business performance even though it is full of uncertainty about the future, but risk-taking can make an entrepreneur more courageous and increase commitment to continuously improve business performance. This is in line with Wijetunge and Pushpakumari [51] that if someone has the value of an entrepreneurial spirit with a high entrepreneurial orientation, that person certainly has the courage and a strong desire to move his business towards success and achieve the vision and improve business performance.

The mediation test proves that entrepreneurial orientation is not able to mediate the relationship between creativity and business performance of culinary MSMEs. The creativity of an entrepreneur is certainly not supported by an entrepreneurial orientation in making a product, service, or process to improve business performance. An entrepreneur with high creativity can be directly implemented into the implementation of strategies to improve business performance, through process innovation and product innovation using their own creativity that gives a good impression to the company. It is supported by Utama and Nadi [52] that the level of creativity of a person has no effect if it must be supported by an entrepreneurial orientation, in making new innovations in his business a proactive
and innovative strategy is not required, but only based on the courage to innovate with his creativity to improve his business performance. While the second mediation test proves that entrepreneurial orientation does not mediate the relationship between self-efficacy and business performance of culinary MSMEs. Entrepreneurs who have high self-efficacy tend to be able to focus on business goals and can also face all the challenges that exist, even though their company does not innovate, looks for new opportunities and not dare to take risks in running their business, their business performance remains will increase and grow along with the high self-efficacy in the entrepreneur. This is supported by Imran et al. [53] which says that individuals who have strong self-efficacy, prefer personal achievement by setting challenging goals for themselves, mastering these challenging tasks rather than avoiding these challenges, and developing strategic plans for their company's performance.

6. CONCLUSIONS

Based on the results of the analysis that has been carried out and the discussion that has been described in the previous chapter, the following conclusions can be drawn:
1. Creativity is influential and has a positive relationship to the business performance of culinary MSMEs in West Jakarta.
2. Self-efficacy is influential and has a positive relationship to the business performance of culinary MSMEs in West Jakarta.
3. Entrepreneurial orientation is influential and has a positive relationship to the business performance of culinary MSMEs in West Jakarta.
4. Entrepreneurial orientation does not mediate the relationship between creativity and business performance of culinary MSMEs in West Jakarta.
5. Entrepreneurial orientation does not mediate the relationship between self-efficacy and business performance of culinary MSMEs in West Jakarta.

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