



The Mediation Effect of Self Confidence In The Effect of Self Efficacy on The Creativity of Msme Actors In East Java

Rahma Ulfa Maghfiroh¹, Sudarmiatin², Agus Hermawan³

¹ Universitas Negeri Malang, Jawa Timur, Indonesia, rahma.ulfa.2204139@students.um.ac.id

² Universitas Negeri Malang, Jawa Timur, Indonesia, sudarmiatin.fe@um.ac.id

³ Universitas Negeri Malang, Jawa Timur, Indonesia, agus.hermawan.fe@um.ac.id

Corresponding Author: rahma.ulfa.2204139@students.um.ac.id

Abstract: The participation of micro, small, and medium-sized enterprises (MSMEs) is one of the elements that can either contribute to or detract from the rate of economic growth in Indonesia. This study incorporates responses from 194 small and medium-sized businesses located within the province as its sample. This study made use of the purposive random sample approach for its data collection, and primary data was the type of data that was analyzed over the course of the study. Structural Equation Modeling (SEM), along with a Partial Least Squares (PLS) approach, is the technique for doing data analysis. According to the findings, a person's level of self-efficacy and self-confidence had a constructive and important bearing on their creative output. Furthermore, the findings indicate that self-confidence is able to operate as a mediator between the influence of self-efficacy and the creative output of MSME actors in East Java.

Keyword: Self Efficacy; Self Confidence; Creativity.

INTRODUCTION

The Micro, Small, and Medium Enterprises, or MSMEs, sector of the Indonesian economy is the most populous segment of the country's commercial sector. In addition to this, members of this group have shown that they are resilient in the face of multiple types of shocks brought on by the economic crisis. The responsibilities of MSMEs are significant. Productive firms owned by individuals or small business entities that meet the requirements for micro-enterprises and have assets ranging from zero to a maximum of currency. This law was passed in 2008 and defines micro-enterprises as productive businesses. 50 million, with a monthly revenue of Rp. 300 million as specified by this Law's regulations. "Small businesses are defined as economically productive businesses that stand on their own and are run by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly of medium or large businesses that meet the criteria". Small businesses can be either sole proprietorships or

partnerships. According to the regulations of this Law, a small business is defined as one that has total assets of more than Rp 50 million but less than Rp 500 million and a total turnover of Rp 300 million but more than Rp 2.5 billion. “Medium enterprises are productive economic businesses that stand alone and are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part either directly or indirectly with Small Businesses or Large Businesses”. According to the law, medium enterprises are productive economic businesses that stand alone and are carried out by individuals or business entities that are not subsidiaries or branches of companies. In order to qualify as a medium enterprise, a company must have a net worth of at least IDR 500 million and no more than IDR 10 billion, as well as a total revenue of IDR 2.5 billion and no more than IDR 50 billion.

MSMEs possess a variety of qualities. On the basis of their development, MSMEs are classified according to the following four criteria: (a) Livelihood Activities: MSMEs are used as employment chances to earn a livelihood. Typically referred to as the informal sector. b) Micro Enterprise: Micro, Small, and Medium-Sized Enterprises that share the qualities of craftspeople but are not entrepreneurial. (c) Small Dynamic Enterprise: MSMEs with an existing entrepreneurial spirit and the ability to take subcontract and export jobs. d) Fast-Moving Enterprise: MSMEs that already possess an entrepreneurial spirit and are destined to become large corporations.

Small and Medium-Sized Enterprises (SMEs) in Indonesia play a crucial part in the economic crisis, which has saved the nation's economy. Small- and medium-sized enterprises (SMEs) have demonstrated greater resiliency in the face of the economic downturn than their larger counterparts. Rohman Hadiwijoyo, Chairman of the Board of Directors of CIDES (Student Center for Information and Development), shared his opinion via Kompas.com. According to him, there are three criteria that enable SMEs to withstand the current economic crisis: Typically, SMBs produce consumer goods and services that are closely aligned with the community's need. MSMEs contribute significantly to the economic progress of the community, especially in emerging nations. The favorable influence can propel the nation's economy and reduce unemployment. East Java is one of Indonesia's provinces with the most population. With a high number of MSMEs dispersed throughout the province, chances exist to improve the economic sector in Indonesia, particularly in the province. The following is the number of small and medium-sized businesses in East Java province

Table 1. Number of MSMEs in East Java Province

Sector	Micro	Small	Middle	Total
Agriculture	5,094,920	48,684	20,375	5,163,979
Non Agriculture	4,038,939	530,883	48,461	4,618,283
Total UMKM	9,133,859	579,567	68,836	9,782,262

Source: diskopukm.jatimprov.go.id

Based on these data, MSMEs are able to expand their work potential to overcome unemployment and poverty, especially in East Java. Direct job creation through self-employment, micro-enterprises, or small firms is a key indicator of economic growth. The process of developing MSMEs during the pandemic and before the pandemic surged up because of the stimulus or assistance from the provincial government. Many MSMEs have sprung up and not the least of their businesses have gone bankrupt. So that the difference in the development of MSMEs during the pandemic and before that depends on how MSME actors can survive during a pandemic, for example using information technology through a system considering the number of unemployed is increasing and even product marketing capital has switched to an online system, as well as stimulation assistance from the government for the development of MSMEs in East Java Province. Given that MSMEs are

the economic drivers in the region, the duty of the government through the Ministry of Industry and Trade is to provide comprehensive assistance, including expanding market access, in order to stimulate/grow the regional economy. Small- and medium-sized enterprises must be able to think imaginatively to continue growing their businesses. As for what must be developed by every MSME actor, namely confidence and self-confidence.

“The self-confidence that each individual has in viewing himself with reference to his self-concept. In addition, self-confidence will also provide motivation for achieving one's success in solving the problems at hand”. So that the higher one's sense of confidence in one's own abilities, the stronger the enthusiasm to complete the work. “This research is a development of research conducted by Alarjani, F. N., Anwar, B., Aslam, H. D., Iqbal, S., & Ayub, A. (2020) and Eniola, A. A. (2020)”. This study aims to examine the effect of self-efficacy on self-confidence and its impact on the creativity of SMEs in East Java.

METHOD

“This study took a quantitative approach, which can be interpreted as a research method based on the philosophy of positivism, used to examine certain populations or samples, data collection techniques that are generally carried out randomly, data collection using research instruments, and descriptive analysis of the data”. The quantitative approach was utilized in this study. quantitative and statistical, with the purpose of putting the previously proposed hypothesis to the test (Supriadi, 2022). The population in a study must be stated explicitly, namely with regard to the size of the population and the research area covered. The purpose of holding a population is so that we can determine the size of the sample members taken from members of the population and limit the validity of the generalization area. The sampling technique is based on the purposive random sampling method, from 194 respondents will be distributed to MSME business actors in different location areas, namely Surabaya, Gresik, Sidoarjo, Mojokerto and Pasuruan with the aim that the population of each research object is MSME actors in Indonesia East Java can be represented.

According to Bandura (1980), self-efficacy indicators are divided into three dimensions which include magnitude, which is the level of task difficulty, Generality, which is the area of behavior, and Strength, which is the degree of belief or expectation. There are five criteria that can be used to evaluate one's level of self-confidence: having faith in one's own abilities; being one's own person; being ready for the rejection of others; having great self-control; and having optimistic views. The construct of creativity is measured using three indicators, namely having a great curiosity, often asking questions that are weighty and giving many ideas and suggestions for a problem.

The data collection technique used in this research is to use interviews and questionnaires or questionnaires. By distributing a questionnaire link that has been created and distributed to MSME actors in East Java Province. For all questions, the instrument used is a Likert scale with five points (1- Very Disagree; 2- Not Appropriate; 3-Slightly Appropriate; 4- Appropriate and 5- Very Appropriate). To answer the formulation of the problem and test the hypothesis that has been proposed, and after that, the data that have been acquired will be processed according to the requirements of the analysis. In order to facilitate discussion, the data are processed and presented in accordance with the principles of descriptive statistics. On the other hand, in order to facilitate analysis and the testing of hypotheses, an inferential statistical method is utilized. Structural Equation Modeling (SEM) with a PLS approach is the analytical method that will be utilized in order to be able to answer research questions and evaluate the produced model. This will be done in order to achieve the aforementioned goals. Researchers are able to investigate the complicated interactions between variables through the use of SEM, which enables them to acquire a more complete image of the model as a whole. SEM is able to test jointly (Supriadi, 2022).

RESULT AND DISCUSSION

The questionnaire is able to reveal something that will be measured by the questionnaire. The first stage of evaluation of the reflective measurement model is to see convergent validity and discriminant validity. Convergent validity can be evaluated by item reliability (validity indicator), internal consistency or construct reliability through Cronbach's alpha and composite reliability and the average variance extracted (AVE) value. Cronbach's alpha and Composite reliability values above 0.70 indicate a high reliability of the measuring instrument. The third check of convergent validity is to see the AVE value. AVE values above 0.50 are highly recommended. From the table, the AVE value of all constructs is above 0.50.

Table 2. Quality criteria for measurement

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Creativity	0.755	0.755	0.860	0.672
Self Confidence	0.868	0.875	0.904	0.653
Self-Efficacy	0.816	0.818	0.891	0.732

Source: SmartPls Report 2022

After evaluating convergent validity, the next step is to examine discriminant validity which includes cross loading and comparing the roots of AVE with correlations between constructs. Here are the results of the cross loading

Table 3. Discriminant validity

Indikator	Creativity	Self Confidence	Self-Efficacy
CR1	0.837	0.391	0.370
CR2	0.848	0.411	0.374
CR3	0.772	0.400	0.354
SC1	0.455	0.775	0.547
SC2	0.409	0.850	0.448
SC3	0.404	0.848	0.453
SC4	0.352	0.767	0.388
SC5	0.327	0.796	0.372
SE1	0.352	0.461	0.827
SE2	0.365	0.495	0.882
SE3	0.426	0.472	0.857

Source: SmartPls Report 2022

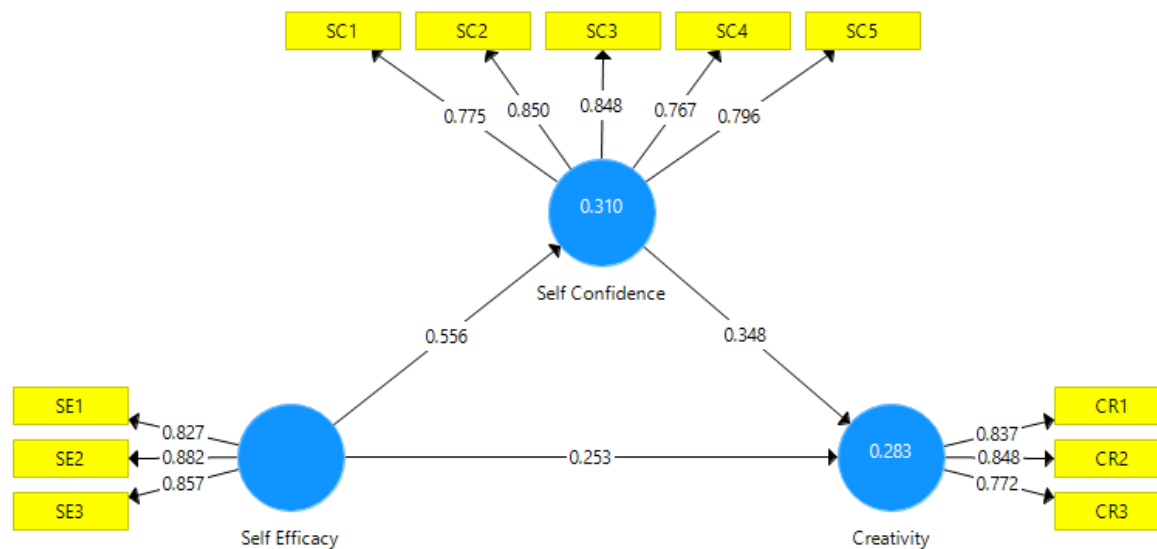
From the table above, it can be seen that all indicators have a higher correlation with each construct compared to constructs from other blocks. After evaluating convergent validity and discriminant validity, the next step is to look at the results of the evaluation of the structural model, especially the significance of the mediating variable. To see the influence between constructs in the model, it can be seen from the interaction effect.

Table 4. Influence between constructs

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Self Confidence -> Creativity	0.348	0.351	0.066	5.295	0.000
Self-Efficacy -> Creativity	0.253	0.255	0.065	3.890	0.000
Self-Efficacy -> Self Confidence	0.556	0.563	0.049	11.285	0.000

Source: SmartPls Report 2022

The following is a conceptual picture and the results of calculating the influence of each construct in calculating Structural Equation Modeling (SEM) with the PLS approach.



Figur 1. Calculation of Structural Equation Modeling (SEM)
Source: SmartPls Report 2022

The relationship between self-efficacy and self-confidence is shown forth in the above table. The t-statistic of 11.258 > 1.96 shows that this is significant at the 5% level of assurance, which is what is needed to draw conclusions from the value of the path coefficient, which is 0.556. When people feel confident in their own abilities, they are more likely to be creative. The t-statistic of 3.890 > 1.96 indicates this is so, and the corresponding path coefficient value of 0.253 is positive and statistically significant at the 5% level. Being assured in one's own abilities greatly enhances the creative process. Indicative of this is the t statistic of 5.295 > 1.96, which is positive and statistically significant at the 5% level of alpha, indicating that the path coefficient of 0.348 is indeed significant

The Effect of Self Efficacy on Creativity

Creativity is the ability to generate new ideas and discover novel solutions to challenges and opportunities. Creativity is the ability to generate fresh ideas and see problems and opportunities in novel ways. “Because a human both affects and is affected by his surroundings, changes in the individual's capabilities as well as changes in the environment can either foster or stifle creative endeavors”. The inference is that education can improve creative ability (Bandura & Albert, 1977). The process of creativity, it can be understood that, a creativity will not be created directly and can be applied directly also in life or daily activities, there is a process that must be done and there are stages that need to be done in order to create maximum creativity to be applied in everyday life. -day or even applied to business activities.

In the increasingly fierce competition in the business world, it is something that cannot be avoided by business actors so that business actors are required to be able to understand and understand the dynamics/changes that often occur in the business world. By knowing the Self Efficacy steps that must be taken to be able to answer the dynamics of the business world and the needs and desires of consumers, as well as in an effort to increase the competitiveness of business actors. Self-efficacy carried out by business actors through self-confidence and self-efficacy is a mechanism for business actors to develop ideas in the

business environment (Sherer, 1982). Self-efficacy that is carried out on self-confidence is very necessary with the aim of maintaining the business being carried out.

The Effect of Self Confidence on Creativity

The capacity to think of new ideas as well as discover fresh approaches to solving issues and spotting new chances is what we mean when we talk about creativity. The capacity to conceive of new ideas and to come up with novel approaches to existing challenges and possibilities is what we mean when we talk about creative ability. “Alterations in either the individual or the environment, due to the fact that an individual both influences and is influenced by the environment in which he or she is placed, have the capacity to either stimulate or discourage creative pursuits”. The inference is that intellectual capacities can be improved through formal schooling. The process of creativity, it can be understood that, a creativity will not be created directly and can be applied directly also in life or daily activities, there is a process that must be done and there are stages that need to be done in order to create maximum creativity to be applied in everyday life. -day or even applied to business activities.

Increasingly fierce competition in the business world is something that cannot be avoided by business actors so that business actors are required to be able to understand and understand how to compete in the business world. This advantage is one of the strengthening of the bargaining power of business actors who are more interested in consumers. Self Confidence can be realized through a positive attitude, optimism, and self-confidence and starting a business (Gelmar García, 2019).

The effect of self-efficacy on self-confidence and its impact on the creativity of SMEs in East Java

The effect size, also known as f^2 , is a value that can be computed by the application of the formula in order to determine how much of an impact the Self-Confidence variable has as a mediating variable (Cohen, 1988):

$$f^2 = \frac{(R^2 \text{ with mediator} - R^2 \text{ without mediator})}{(1 - R^2 \text{ with mediator})}$$
$$f^2 = \frac{(0.283 - 0.201)}{(1 - 0.283)} = \frac{0.082}{0.717} = 0.114$$

The R^2 with mediator number is derived from the creativity variable R^2 (an endogenous variable) through the inclusion of the mediation variable Self Confidence, whereas the R^2 without mediator number is derived from the creativity variable R^2 number through the exclusion of the Self-confidence variable as a mediating variable. The findings of the calculation arrived at a value of 0.114 for the effect size. This value explains why self-confidence, which acts as a moderating variable, has a minimal or insignificant impact at the structural level (Cohen, 1988).

Based on the results of the study, it was found that Self Efficacy and Self Confidence had an effect on the Creativity of SMEs in East Java Province. MSME business actors in East Java province have a self-efficacy / individual self-confidence in their ability to do something. “This is demonstrated by the fact that people who work in business are able to self-persuade and inspire themselves to continue working hard so that company objectives can be achieved”. Have self-confidence, which is an attitude or a feeling that you are sure of your own skills. Where the MSME actors are able to grow self-confidence when facing problems and are able to overcome various failures experienced by making deeper efforts, so that they are able to achieve their desires. MSME actors in East Java province also have the ability to develop new ideas to find an innovation in problem solving.

The relationship between self-efficacy and self-confidence in creativity is that when a person has high self-confidence, one will be able to achieve high creativity as well. If someone feels less confident in his own abilities, then it will make someone avoid the challenges that will be faced. Creativity can be influenced by variables such as trust in oneself and confidence in one's own capabilities. This study is consistent with the findings of previous research carried out by Gelmar Garcia-Vidal, Alexander Sanchez-Rodriguez, Reyner Pérez-Campdesuer, and Rodobaldo Martinez-Vivar. (2019), he states that there is a positive influence of self-confidence on the creative ability of leadership. This is due to the fact that a leader who has good self-confidence and self-efficacy tends to be more creative. This can be defined as having many ideas in solving problems or having more than one way of making decisions, as well as looking at a problem from a variety of different points of view, which results in ideas that are more likely to be original and can detail the problem. This is due to the fact that a leader who possesses high levels of both self-confidence and self-efficacy is able to create confidence in himself regarding the ability to never give up while confronting the challenges that are presented.

CONCLUSION

The following hypotheses and conclusions can be formed on the basis of the findings of the study:

1. The findings of the study showed that one's perception of their own level of self-efficacy had an impact on their creative output. As a result, it is essential for actors in MSME to have self-efficacy, which can be defined as an individual's belief or confidence about their ability to organize, perform a task, achieve a goal, produce something, and put actions into place to achieve certain skills in a way that can increase creativity.
2. The findings of the study indicated that one's level of self-confidence has an influence on their level of creative output. Therefore, it is essential for MSME actors to have self-confidence, which can be defined as an attitude or a feeling of being confident in one's own abilities. This enables the person to behave in a manner that is not overly anxious, to feel free to engage in activities that he enjoys and to take responsibility for his actions, to be friendly and courteous when interacting with other people, to be able to accept and respect other people, to have the drive to excel, and to be able to recognize their own where it has the potential to boost creative thinking.
3. Based on the results of the study, it was found that Self Confidence was able to mediate the influence of self-efficacy on the creativity of MSME actors in East Java. Therefore, it is important to have a sense of confidence and confidence from MSME actors in East Java where it is able to increase creativity which can also improve the performance of the MSMEs they manage.

REFERENSI

- Adolfina, Merinda Ch Pandowo, and Genita G. Lumintang. (2018). Individual Characteristics as Determinants in Developing Micro and Small Enterprises in Manado, Indonesia. *International Journal of Business Management and Economic Research* 9: 1174-81. Available online: <http://ijbmer.com/docs/volumes/vol9issue1/ijbmer2018090101.pdf> (accessed on 10 October 2019).
- Alarjani, F. N., Anwar, B., Aslam, H. D., Iqbal, S., & Ayub, A. (2020). A moderated mediation model of entrepreneurial self-efficacy, institutional environment, and entrepreneurial orientation for SME development. *SAGE Open*, 10(3), 1-18.
- Bandura, A., Adams, N. E., Hardy, A. B., & Howells, G. N. (1980). Tests of the generality of self-efficacy theory. *Cognitive Therapy and Research*, 39-66.
- Bandura, Albert. (1977). Self-efficacy: Toward a unifying theory of behavioral change. *Psychological Review* 84: 191.

- Chin, W. W. (1998). The Partial Least Squares Approach to Structural Equation Modeling. *Modern Methods for Business Research*, 295, 336
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences*. Hillsdale, NJ: Erlbaum.
- Eliyana, Anis, Ahmad Rizki Sridadi Musta'in, and Novia Aviantari. (2020). Linking self efficacy on motivation and entrepreneurial achievements. *Systematic Reviews in Pharmacy* 11: 328-34.
- Eniola, A. A. (2020). Entrepreneurial self-efficacy and orientation for SME development. *Small Enterprise Research*, 1-21.
- Garaika, Hassan, and Helisia Margahana. (2019). Self efficacy, self personality and self confidence on entrepreneurial intention: Study on young enterprises. *Journal of Entrepreneurship Education* 22: 1-12.
- Gelmar García-Vidal, Alexander Sánchez-Rodríguez, Reyner Pérez-Campdesuñer, Rodobaldo Martínez-Vivar. (2019). The impact of self-confidence, creativity and vision on leadership performance: perceptions at ecuadorian smes owner/managers. *Serbian Journal of Management* 14 (2) (2019) XX - XX
- Junusi, R. E. (2021). The role of akhlak intelligence: Mediation between self-efficacy and entrepreneurial orientation. *Journal of Digital Marketing and Halal Industry*, 1-18.
- Khalil, Muhammad, Mukaram Ali Khan, Syeb Sohaib Zubair, Hina Saleem, and Syed Nadeem Tahir. (2021). Entrepreneurial self-efficacy and small business performance in Pakistan. *Management Science Letters* 11: 1715-24.
- Lamanepa, Amelia Wulandari, and Helena Sidharta. (2019). The effect of entrepreneurship education and self-efficacy of entrepreneurial intention. *Review of Management and Entrepreneurship* 3: 35-45
- Mohd, R., Kirana, K., Kamaruddin, B. H., Zainuddin, A., & Ghazali, M. C. (2014). The mediatory effect of self-efficacy on the relationship between religious values and entrepreneurial orientations: A case of malay owner managers of SMEs in manufacturing industry. *Procedia - Social and Behavioral Sciences*, 130, 96-104.
- Ngek, Neneh Brownhilder. (2015). Entrepreneurial self-efficacy and small business performance: The mediating effect of entrepreneurial mindset and openness to experience. *Problems and Perspectives in Management* 13: 271-80.
- Norena-Chavez, Diego, and Ruben Guevara. (2020). Entrepreneurial Passion and Self-Efficacy as Factors Explaining Innovative Behavior: A Mediation Model. *International Journal of Economics and Business Administration* VIII: 352-73.
- Oyeku, Oyedele M., Oduyoye Oluyesi, and Gloria N. (2020). Effect of entrepreneurial orientation, entrepreneurial self-efficacy, and environmental uncertainty on entrepreneurial success. *International Journal of Small Business and Entrepreneurship Research* 8: 34-67.
- Pihie, Zaidatol Akmaliah Lope, and Afsaneh Bagheri. (2013). Self-Efficacy and Entrepreneurial Intention: The Mediation Effect of Self-Regulation. *Vocations and Learning* 6: 385-401
- Ratnasari, Siwi Dyah, & Salim, Andriansyah, Agus. (2014). Effect of Self Confident and Self Assessment for Performance with Social Skill as Moderating Variables
- Sherer, M., Maddux, J. E., Mercandante, B., Prentice-Dunn, S., Jacobs, B., & Rogers, R. W. (1982). The self-efficacy scale: construction and validation. *Psychological Reports*, 51(2), 663-671.
- Sriasih, A. A., Kusumawijaya, I. K., Adi, I. K., & Wartana, I. M. (2018). Entrepreneurial self-efficacy mediation in entrepreneurial competency prediction to entrepreneurial orientation. *International Journal of Multidisciplinary Educational Research*, 7, 8(2), 203-226.
- Supriadi, I. (2022). Riset Akuntansi Keperilakuan : Penggunaan SmartPLS dan SPSS Include

- Macro Andrew F. Hayes. Jakad Media Publishing.
- Yusuff, Yusrinadini Z., Mahirah Maliani Mohamad, and Nur Yuhainis Ab Wahab. (2019). The Influence of General Self-Efficacy on Women Entrepreneurs. *Academy of Entrepreneurship Journal* 25: 1-6.
- Zaini, Nadzly Zagwan Mohamed, Jati Kasuma Ali, Yusman Yacob, and abduk Ismail Mohd Jawi. (2016). Do Self Efficacy and Familiy Factor Matter? Understanding Women's Entrepreneurial Intention in SMEs in Sarawak. Paper presented at the International Conference on Business and Economics, September 21-23; pp. 1-9.