

Original Article

# The Relationship Between Personal Values, Self-Efficacy, and Entrepreneurial Orientation in Culinary MSMEs in Jakarta

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**Abstract:** The study set out to investigate how self-efficacy relates to entrepreneurial inclination. This study also aims to determine the influence of personal value variables on self-efficacy and personal value variables on entrepreneurial orientation. The population of this study is MSMEs culinary products in Jakarta. The study used samples with convenience sampling techniques. Studied 90 MSMEs that became research samples. Questionnaires were sent as part of the data collection methods. The clever PLS program is used in the analysis method. The findings demonstrated that, at UMKM in Jakarta, self-confidence had a favorable and significant influence on an entrepreneurial mindset. Personal values have a positive and significant influence on the efficacy of UMKM in Jakarta. Personal values have a positive and significant influence on the entrepreneurial orientation of UMKM in Jakarta.

**Keywords:** Self-Efficacy, Personal Value, MSME Entrepreneurial Orientation, Culinary.

## I. INTRODUCTION

Business has a very important role in a country's growth and economic development. With the development of entrepreneurial activities, many jobs will open. This opportunity can be used to reduce the number of unemployed in a country. Because it fosters an internal climate that promotes and supports desired behaviors, focusing on entrepreneurship is crucial in enabling organizations to be creative and innovative (Sanchez *et al.* 2014). Adopting an entrepreneurial orientation can help companies seek new opportunities, grow and achieve profitability in a situation of globalization (Stenholm 2016). In this research, MSMEs are examined based on entrepreneurial orientation. Entrepreneurial orientation is all the practices and policies on which a business is based and the resources to seek opportunities for success. This variable is the basis for a business in developing its business, namely to carry out entrepreneurial activities (Lumpkin & Dess, 2015). It consists of innovation, proactiveness, risk-taking, and autonomy as dimensions of an entrepreneur. (Covin & Wales, 2012).

The entrepreneurial orientation of MSMEs is hypothesized to be influenced by personal values. Personal values influence a person's behavior (McCarty & Shrum, 1994). Personal Values become a person's reason and motivation in carrying out a policy. Personal values influence entrepreneurial orientation as a motive for starting risk-taking (Ranganathan, 2021). At the same time, entrepreneurial orientation and personal values have mediating variables, i.e., self-efficacy. Self-efficacy is a person's confidence in one's ability to execute various functions. Self-efficacy consists of 4 constructs, namely getting, giving, using, and planning (Ryerson, 2008). Therefore, self-efficacy can be influenced by personal values, which can affect entrepreneurial orientation (Alam *et al.*, 2015).

This investigation was carried out to ascertain the relationship between self-efficacy and entrepreneurial orientation, as well as the relationship between self-efficacy and one's own values, in the context of culinary MSMEs in Jakarta.

## II. LITERATURE REVIEW

### A. Personal Values

Sagiv and Roccas (2017) state that personal value is a cognitive representation of motivation. According to Hitlin (2003), personal values are concepts and beliefs that persist toward desired behavior. Personal behavior is a cognitive representation of motivation that includes concepts and beliefs that persist toward final-level behavior and occur in specific situations, selection of clues or evaluation of behaviors and events, and direction to relative interests.

### B. Self-efficacy

Ajzen (1991), self-efficacy is confidence in one's ability to perform. According to Bandura (1977), self-efficacy is the ability of partial active self-mastery during predictable performance treatment on a strenuous task that an individual has never performed before. Luszczynska *et al.* (2005), self-efficacy is confidence in one's ability to cope with stressful and challenging demands.

### C. Entrepreneurial Orientation

Lumpkin & Dess (2015), entrepreneurial orientation is the thinking of companies to join in new collaborations and



provides a useful overview for researching entrepreneurial activities. Covin & Wales (2019), entrepreneurial orientation is an organizational attribute that exists to how the organization supports and maintains entrepreneurial behavior patterns sustainably that reflects new opportunities. O entrepreneurial orientation is a style and method, as a company attribute, that explains the pattern of corporate behavior in entrepreneurial activities.

The notion of personal worth is a cognitive representation of motivation that includes concepts and beliefs that persist toward end-level behavior and occur in specific situations, selection of clues or evaluation of behaviors and events, and direction to relative interests. Then, self-efficacy is confidence in one's predictable ability to perform stressful and challenging tasks. Finally, entrepreneurial orientation is a style and method, as a company attribute, that explains the pattern of corporate behavior in entrepreneurial activities. Based on previous research, the influence of personal values on entrepreneurial orientation was expressed to be positive and significant, as well as the influence of personal values and self-efficacy; this relationship was significant and positive. When mediated by self-efficacy, personal values are hypothesized to have a positive and significant effect on entrepreneurial orientation.

Based on the above, the research model is as follows:

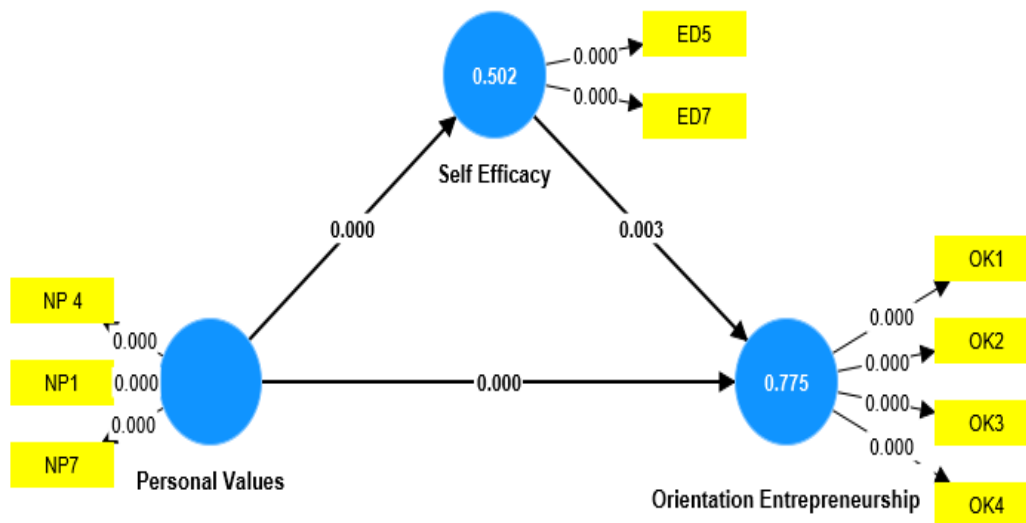


Figure 1: Model Specification Research

### Hypothesis

- H1: Self-efficacy positively affects entrepreneurial orientation.
- H2: Personal values positively affect self-efficacy.
- H3: Personal values positively affect entrepreneurial orientation.

## III. RESEARCH METHODOLOGY

The population in this study is all MSMEs in Jakarta. The exact amount of these data is not known. So, this study used samples. Convenience sampling is the technique employed whereby respondents are chosen as samples based on factors such as accessibility for researchers and availability of respondents to complete questionnaires when they are sent. The distribution of questionnaires were distributed online and offline to MSMEs selected subjectively by researchers. The business field is limited to the culinary business. Willing to participate in filling out questionnaires. Opened your own business and domiciled in Jakarta.

Measurement of each research variable, personal value using 7 indicators, self-efficacy as many as 7 indicators. To measure entrepreneurial orientation with 5 indicators, the PLS model specifications will be estimated in this study in Figure 1 above.

## IV. RESEARCH AND DISCUSSION

### A. PLS Analysis

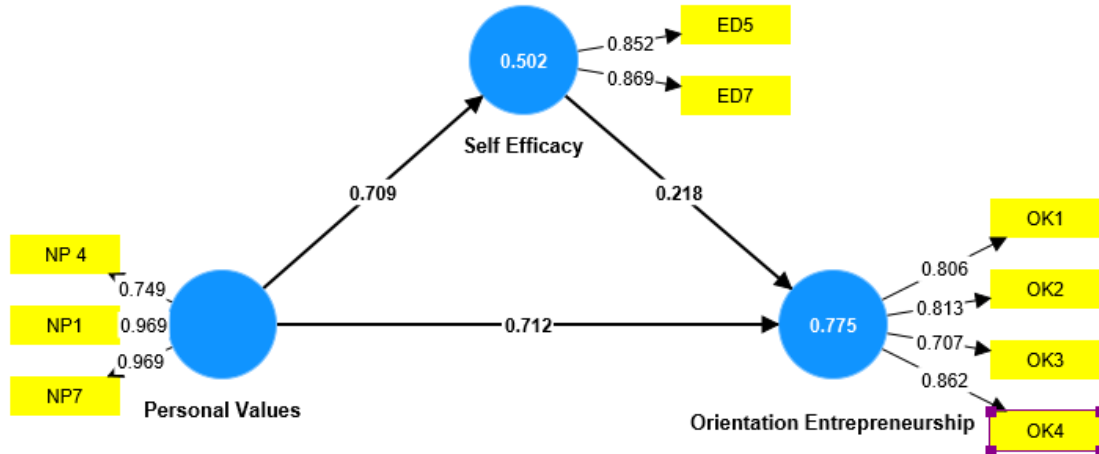
This study analyzed the influence of self-efficacy, personal value, and entrepreneurial orientation data using the smart PLS program version 4.

### a) Outer Model Testing

Convergent, discriminatory, and composite reliability testing are all part of the measurement model testing process. Suppose all of the indicators in the PLS model have satisfied the criteria for composite dependability, analytical reliability, and convergent validity. In that case, the findings of the PLS analysis can be utilized to assess the hypotheses being investigated.

### i) Convergent Validity

The convergent validity test is performed by comparing each indicator's loading factor value to its concept. The loading factor limit for confirmatory research is 0.7, whereas the loading factor limit for exploratory research is 0.6, and the loading factor limit for development research is 0.5. Because this is a confirmatory study, the loading factor limit is 0.7. The following are the results of the PLS model estimation:



**Figure 2: Research Model Estimation Results**

According to the PLS model estimate findings in the figure previously, all indicators had a loading factor value greater than 0.7, indicating that all indications are valid in assessing their constructs. Convergent validity is determined not only by the loading factor value of each indicator but also by the AVE value of each concept; the PLS model is considered to have satisfied convergent validity if the AVE value of every construct is greater than 0.7. The following table shows the loading factor value of each indicator as well as the AVE value of each construct:

**Table 1: Average Variance Extracted**

Variance	Average variance extracted (AVE)
Self-efficacy	0.740
Personal values	0.813
Entrepreneurial orientation	0.638

### ii) Discriminant Validity

Discriminant validity is used to verify that every idea associated with each latent variable is distinct from the others. Suppose the AVE square value of each exogenous construct (the value on the diagonal) surpasses the relationship among that construct and other constructs (values below the diagonal). In that case, the model has excellent discriminant accuracy. The following are the results of discriminant validity testing:

**Table 2: Discriminant Validity**

Variance	Self-Efficacy	Personal Values	Orientation Entrepreneurship
Self-efficacy			
Personal Values	0.842		
Orientation Entrepreneurship	0.869	0.858	

The validity of the discriminant is seen from the *Heteroit-Monotrait ratio* (HTMT) approach. A good HTMT value of 0.796 (Henseler et al., 2015), the threshold value is still acceptable if it is less than 0.90 (<0.90); if HTMT exceeds 0.90, then HTMT indicates a lack of discriminant validity.

The results of the discriminant validity analysis in the table show that the magnitude of the *Heteroit-Monotrait Ration* value in each variable indicator has a value smaller than 0.90 (<0.90), so all indicators of each variable can be accepted.

### iii) Composite Reliability Testing

According to Sekaran and Bougie (2013), the reliability of a measurement suggests that the indicator is constant enough to be used across time. The magnitude of composite reliability and Cronbach's Alpha values are used in reliability testing. If every component used to determine the variable has a composite reliability value of greater than 0.60, the variable is deemed trustworthy; if each thing utilized to evaluate the variable has a Cronbach's Alpha value greater than 0.60, the indicator or item used to evaluate the variable has been deemed reliable (Malhotra, 2020).

**Table 3: Cronbach's Alpha and Composite Reliability**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Self-efficacy	0.650	0.651	0.851
Personal Values	0.879	0.912	0.928
Orientation Entrepreneurship	0.815	0.873	0.875

The reliability study results in the table reveal that the magnitude of Cronbach's Alpha and Composite Reliability values on each variable indicator is larger than 0.60 (>0.60), indicating that all variables' indicators have met the standards and are pronounced reliable.

### iv) Results of the Coefficient of Determination Value

The R-squared value ( $R^2$ ) determines the determination coefficient and measures the degree of variation in the independent variable against the dependent variable. The *R-Square* value has 3 criteria, which are as follows: values 0.75 – 1 indicate (strong influence), 0.5 – 0.74 indicate (moderate influence), then 0.25 – 0.49 indicates (weak influence).

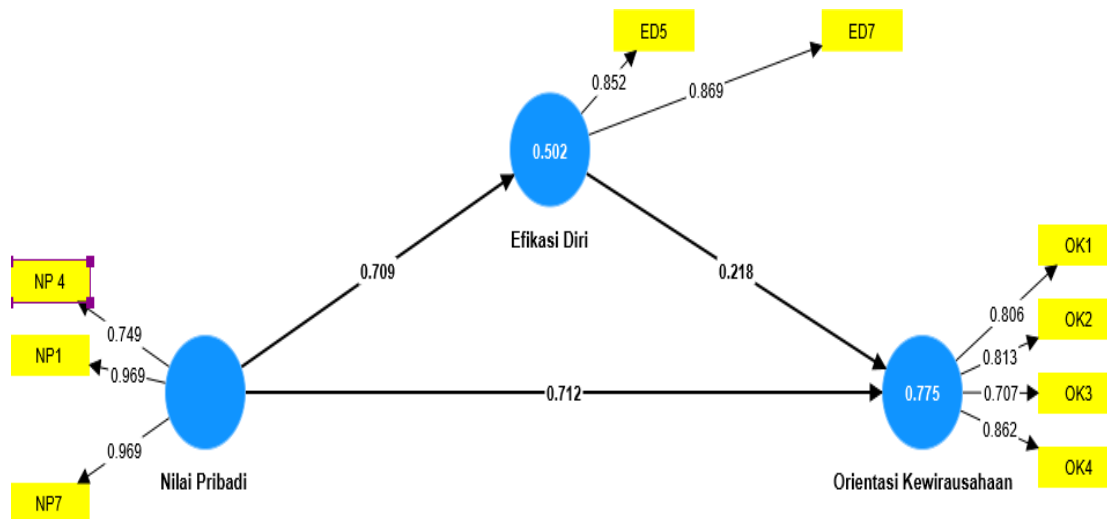
**Table 4: Results of R-Square Coefficient of Determination Analysis**

Variance	R-Square	R-Square Adjusted
Self-efficacy	0.502	0.497
Entrepreneurial Orientation	0.775	0.770

Based on the results of the coefficient of determination ( $R^2$ ) test, it can be explained that the R-square value for the innovative work behavior variable is 0.775 which means that 77.5% of the dependent variables can be explained by the variables in this study, the remaining 22.5% is explained by other variables that were not studied in this study.

### B. Inner Model Testing

Testing of *path coefficients* was carried out to determine whether there was an influence between variables in this study. The following test results of *path coefficients* can be seen in Figure 4.3, which shows the results of *bootstrapping*.



**Figure 3: Bootstrapping Test Results**

The outcomes of the bootstrapping test, as shown in Figure 2, can be summed and presented in Table 4.13 to explain the bootstrapping results.

**Table 5: Bootstrapping Test Results**

Variance	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P Values
Self-efficacy -> Entrepreneurial Orientation	0.218	0.214	0.074	2.956	0.003
Personal Values -> Self-efficacy	0.709	0.712	0.071	9.999	0.000
Personal Values -> Entrepreneurial Orientation	0.712	0.718	0.069	10.257	0.000

The following test results are derived based on the aforementioned test of hypotheses results:

- 1 On the path that shows the effect of self-efficacy on entrepreneurial orientation, the p-value obtained is 0.000 with a statistical T of 2.956 and a path coefficient marked positive of 0.218. Because the p-value of the path < 0.05, the statistical T > 1.96, and the path coefficient marked positive, it can be concluded that self-efficacy has a positive and significant influence on entrepreneurial orientation. This suggests that research hypothesis 1, which says, "Self-efficacy positively affects entrepreneurial orientation," is accepted.
- 2 In the path that shows the effect of personal value on self-efficacy, the p-value obtained is 0.000 with a statistical T of 9.999 and a path coefficient marked positive of 0.709. Since the p-value of the path value < 0.05, the statistical T > 1.96, and the path coefficient marked positive, it can be concluded that personal values have a positive and significant influence on self-efficacy. This suggests that research hypothesis 2, which says "Personal values positively affect self-efficacy," is accepted.
- 3 In the path that shows the influence of personal value on entrepreneurial orientation, the p-value obtained is 0.000 with a statistical T of 10.257 and a positive path coefficient of 0.712. Because the p-value of the path < 0.05, the statistical T > 1.96 and the coefficient of the path marked positive, it can be concluded that personal value has a positive and significant influence on entrepreneurial orientation. This suggests that research hypothesis 1, which says "personal values positively influence entrepreneurial orientation," is accepted.

### C. Discussion

The results showed that self-efficacy positively and significantly affected entrepreneurial orientation in UMKM in Jakarta, which was used in this study. The results of this study support previous findings that self-efficacy affects entrepreneurial orientation when associated with building job facilities. In addition, the influence of efficacy on entrepreneurial orientation, especially on the innovation side, has proven to be influential and positive (Emirates, 2021); Gashi, Tresi & Mihelič (2018).

The results of the personal value research on self-efficacy show a positive and significant influence on MSMEs in Jakarta, which is used in this study. This research is in line with previous research by Şahin et al. (2019), a person's personality traits affect self-efficacy, which determines a person's entrepreneurial intentions. This can also be proven through nurse anesthesiologists as research objects (Kwiatosz-Muc et al., 2021).

The results showed that personal values had a positive and significant effect on the entrepreneurial orientation of UMKM in Jakarta, which was used in this study. The results of this study support previous findings. It has been directly proven that personal values affect risk-taking, one indicator of entrepreneurial orientation (Ranganathan, 2021). Then, personal values make their influence more significant on entrepreneurial orientation based on decision-making from the company (Lombardi et al., 2020).

## V. CONCLUSION

The conclusions obtained from the results of this study are as follows:

- 1 Self-efficacy has a positive and significant influence on the entrepreneurial orientation of UMKM in Jakarta.
- 2 Personal value positively and significantly influences the efficacy of UMKM in Jakarta.
- 3 Personal values have a positive and significant influence on the entrepreneurial orientation of UMKM in Jakarta.

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