An Understanding of the Entrepreneurial Growth Intention for Creative Industries in Indonesia

Ika Inayah1*, and Reninta Dewi Nugraheni2

1Research Center for Behavioral and Circular Economy, National Research and Innovation Agency
2Research Centre for Economics of Industry, Services, and Trade, National Research and Innovation Agency

Abstract.
Micro-small and medium enterprises (MSMEs) have a strategic role in the Indonesian economy, where MSME actors dominate the national economic actors more than 99%. Despite the large number of MSMEs in Indonesia, these MSMEs have not shown good performance. Not all MSMEs want to grow and develop. Therefore, this study aims to understand the entrepreneurial growth intention of MSME actors in Indonesia’s creative industries. The variables used to understand the determinants of growth intentions are personal character, knowledge, skills, motivation, gender, and education. This study used a questionnaire that was distributed to 680 respondents of MSME in the creative industry. Respondents were selected by purposive random sampling with some criteria in three provinces in Indonesia (South Sumatra, West Java, and DI Yogyakarta). The data were analyzed using a structural equation model (SEM). The results show that personal character, skills, and motivation have a significant and positive relationship with growth intentions. Motivation has the greatest influence on business growth intentions. Therefore, training related to increasing motivation, personal character, and skills is specifically needed to increase business growth intentions for MSMEs in Indonesia, especially in the creative industry sector.

Keywords: growth intention, motivation, personal character, SEM, skill

1. Introduction

Globally, medium, small, and micro enterprises (MSMEs) are important in increasing a country’s economic growth, creating jobs, supporting export structures, and generating innovation and productivity growth (Urbano & Aparicio, 2016). In Indonesia, MSMEs also have this strategic role in the national economy. Based on data from the Ministry of Cooperative and SMEs of The Republic of Indonesia (2020), national economic actors are dominated by MSME players, with over 99 per cent spread throughout Indonesia. In addition, these MSMEs account for 97 per cent of employment, 14 percent of exports, and 57 percent of added value.
Despite the large number of MSMEs in Indonesia, these MSMEs have not shown good performance. Several studies state that the performance and competitiveness of MSMEs in Indonesia are still relatively poor when compared to large businesses and MSMEs in developed countries (Tambunan, 2012), even when compared to countries in ASEAN (Sri Susilo, 2010; Tambunan, 2012; Wardi & Susanto, 2015). Thus, MSME development efforts are a way to increase the competitiveness of MSMEs in Indonesia.

In entrepreneurship, the process of entrepreneurship can be split into two phases: the intention to start and to develop a business (Kong et al., 2020). Entrepreneurial behaviour can be well predicted by entrepreneurial intention. Many studies focus on entrepreneurial intentions, which explore the factors influencing individual entrepreneurial intentions from various aspects, such as personal characteristics, risk perception, self-efficacy, etc. It cannot be denied that having entrepreneurial intention is essential to develop a business. Intentions in entrepreneurship can be seen in behaviour in entrepreneurship (Kautonen et al., 2015). The intention to start a business has been extensively studied (Al-Qadasi et al., 2023; Bilgiseven & Kasimoglu, 2019; Fragoso et al., 2020).

Meanwhile, business growth is the goal of most business actors. The core of entrepreneurship is growth (Sexton & Smilor, 2000) and an important indicator of business success (Delmar et al., 2003). However, it turns out that not all businesses want to grow and develop (Ginn & Sexton, 1989; Rosa et al., 1996; Johan Wiklund & Shepherd, 2003). Some key barriers to firm growth such as psychological and motivational elements, management skill, financial resources, sales and marketing prowess, and quality of services and products (Cooney, 2012).

According to Stenholm (2011), intention is one of the requirements for a business's growth. The intention of these business actors is an important predictor of the business growth (Saemundsson, 2003) because the behavior will be directed towards the intended goals (Ajzen, 1991; N. F. Krueger et al., 2000; Johan Wiklund & Shepherd, 2003). Levie & Autio (2013) and Stam et al. (2009) demonstrate that the proportion of entrepreneurs with growth ambitions within has more substantial impact on economic growth. Hence, entrepreneurial quality is more significant than entrepreneurial quantity.

Growth intention is a significant predictor of later entrepreneurial growth, according to several empirical investigations (Davidsson et al., 2006). The factors associated with growth intentions are categorized into three sets of traits: personal traits, business characteristics, and country or environmental (Levie & Autio, 2013). These factors are important when facing challenges in developing a business. According to Wei et al. (2019), entrepreneurs with strong personal character can overcome obstacles when
their business has developed. They are more inclined to look for ways to deal with the issue. They can view failure as a great chance to grow, reflect on, and summarize failures, and then develop even more to meet their entrepreneurial objectives (Hui, 2019).

Recognizing the factors that influence entrepreneurial growth intentions is important. Each stage of the business will face different challenges and constraints (Terpstra & Olson, 1993). Achieving entrepreneurial growth is difficult and requires hard work. Growth in entrepreneurship may not be achieved without hard work. Recent contributions show that individuals with high growth intentions tend to expand their businesses more extensively, which greater impact on job creation and stronger macroeconomic growth than general entrepreneurial activity (Hermans et al., 2015). Cooney (2012) also mentioned that growth intention significantly influences growth outcomes. Entrepreneurial intentions are interesting to study. But unfortunately, studies about growth intentions in a business and their determinants are still limited (Dutta & Thornhill, 2008; Kariv et al., 2019; Kolvereid & Åmo, 2019). Some studies mentioned above focused on how individual characters, such as personality traits, foster entrepreneurial intentions and how to increase economics growth. Many aspects are recognized as an essential element of entrepreneurship as the individuals have to be creative to identify and exploit the opportunities. However, not much has been written on the psychological factors, socio demographic factors and entrepreneurial intentions. Thus, to fill this research gap, this study focuses on entrepreneurship’s cognitive perspective and purposes that entrepreneur with a higher level of characters will have a strong attitude toward entrepreneurship and entrepreneurial intentions. Therefore, this study aims to understand the entrepreneurial growth intention for MSMEs actor of Indonesia’s creative industries

2. Literature Review

2.1. Entrepreneurial Intention

In general, entrepreneurship defines intention as a deliberate state of mind that focuses attention, experience, and behavior on a certain objective (Bird, 1988; Moriano et al., 2012; Nasurdin et al., 2009). The intention stands as the most reliable predictor of any planned action, including engaging in entrepreneurship (Krueger et al., 2000).

Entrepreneurial intention seeking knowledge for business process (Anjum et al., 2021). The ability of a person to create and manage enterprises is largely influenced
by their entrepreneurial intention. All business process challenges seem more severe if someone unenthusiastic in starting their own business (Esfandiar et al., 2019). Intentions and behaviors of entrepreneurs are strongly related (Neneh, 2019). Entrepreneurial behavior involves identifying, assessing, and pursuing new business possibilities, with entrepreneurial aspirations being the initial crucial stage (Barba-Sánchez & Atienza-Sahuquillo, 2018; Dao et al., 2021).

Several studies have examined several models in explaining entrepreneurial intention. Studies by Li nán (2004) and Izquierdo & Buelens (2008) mention four models for explaining entrepreneurial intention. First, Shapero’s entrepreneurial model consists of three variables: the perception of desirability, the likelihood of taking action and the perception of its viability (Shapero, 1975). Second, Ajzen’s theory of planned behavior model states that attitudes toward the behavior, subjective norms, and perception of behavioral control can explain the intention (Ajzen, 1991). The next model is developed by Bird (1988) where entrepreneurial intention combines personal and contextual factors. Another model Davidsson (1995) put forward is where entrepreneurial intentions are influenced by conviction and domain attitudes. Conviction is determined by some general attitudes such as change, competitiveness, money, success, and autonomy) and is influenced by individual factors, including age, gender, education level, and experiences with radical and vicarious change. The domain is related to payoff, social attitude contribution, and know-how.

In several studies, several factors drive intention in business development, namely individual/personal factors (Bird, 1988; Dutta & Thornhill, 2008; Karimi et al., 2011). In addition, personal factors usually indirectly affect entrepreneurship by influencing motivation to act (Krueger et al., 2000). Intentional action also depends on one’s abilities and knowledge (Ajzen, 1991; Davidsson, 1991; Wiklund et al., 2003; Wiklund & Shepherd, 2003). That is why the intentions of business actors vary greatly in expanding their business (Gundry & Welsch, 2001; Kolvereid & Bullvag, 1996).

Fini et al. (2009) found that demographics, psychological characteristics, and individual skills influence entrepreneurial intention. Storey (1991) adds several factors influencing growth in small firms from entrepreneurs: motivation, education, gender, management skills, and experience.

By adopting the indicators and models of entrepreneurial intention from the literature review above, this study will examine how personal characteristics, knowledge, skills, motivation, gender, and education influence the growth intentions of entrepreneurship.
2.2. Personal Character

Personal character is related to the nature and psychological condition of an entrepreneur. Personal character values are crucial in determining and shaping behaviour (Cunningham, J Barton and Lischeron, 1991). Zhao and Seibert (2006) study states that personal character will determine a person’s entrepreneurial traits.

The personal characteristics that characterize an entrepreneur are mentioned by Zhao and Seibert (2006), namely the need for achievement, innovation, risk-taking, self-efficacy, and locus of control. Some studies also add some personal characteristics in entrepreneurship, namely the ability to take risks and self-efficacy (Krueger and Carsrud 1994 in Dutta & Thornhill, 2008). Rauch and Frese (2007) states that the need for achievement, self-efficacy, innovative, and ability to take risk are important personality attributes.

In addition to these variables, Cherniss and Goleman (2001) mention that emotional intelligence is a part of personal character that significantly impacts performance, ultimately impacting a business’s growth. Furthermore, Setiadi and Aryanto (2014) argue that creativity is a personal character. This creativity affects entrepreneurial intentions Anjum et al. (2021) because creativity exists before and during business life (Fillis & Rentschler, 2010).

In Dohse and Walter (2012), it is explained how the influence of personal character in entrepreneurship. It is stated that individuals who are risk-tolerant and creative tend to exploit the opportunities provided and are likely to find opportunities for themselves (Ardichvili et al., 2003; Stewart & Roth, 2001).

Therefore, this study’s scope of personal character includes various personal characteristics, namely emotional intelligence, need for achievement, ability to take risks, creativity, and self-efficacy.

2.3. Knowledge

Knowledge is considered a source of business growth and determines effectiveness in business (March & Sutton, 1997). Individuals who have knowledge gained from entrepreneurial experience, work experience, management experience, and formal education will be more likely to pursue opportunities entrepreneurship in developing their business (Evans, 2021; Shane, 2004; Per Davidsson & Honig, 2003). Knowledge helps business actors manage their business (Beijerse, 2000) and own resources properly so that it impacts sustainability, growth, and increasing the competitiveness of their
businesses (Marvel et al., 2016; Novak & Bojnec, 2005). Owned knowledge can trigger innovation and new ideas from business actors so that they can seize opportunities that arise (Makhbul & Hasun, 2011). Knowledge, as determined by education level, influences the intention to start a business (Levie & Autio, 2013). According to Rofiaty (2019) and Ashraf et al. (2017), there is a connection between entrepreneurship and knowledge. Possessing knowledge by itself is insufficient to enhance entrepreneurial performance. Active sharing of knowledge enhances the performance of entrepreneurs (Setini et al., 2020). Success in entrepreneurship necessitates a combination of knowledge, innovation, effective strategy, and adaptable action plans (Salder et al., 2020). Knowledge of management becomes basic knowledge for business actors. MSME actors sometimes have a dual role as owners and managers, so knowledge of business management and company organization is needed to support the growth of a business (Omerzel & Antončič, 2008). This management knowledge includes knowledge of production and operational management (Barney, 1991; Grant, 2009; Tehseen & Ramayah, 2015), financial management (Munoz-Murillo et al., 2020; Yuesti et al., 2020), marketing management (Jaworski & Kohli, 1993), human resource management (Lowden, 1988) and strategic management (Omerzel & Antončič, 2008).

2.4. Skills

Skill is knowledge demonstrated through individual actions or performance in certain situations. Entrepreneurial skills are necessary for small and medium-scale businesses in the growth and survival stage. Entrepreneurial skills directly and significantly affect business performance (Hurriyati et al., 2016).

Histrich et al. (2005) mentioned several skills needed by an entrepreneur, namely process skills, business and management skills. Hurriyati et al. (2016) mention the skills needed in entrepreneurship, including system/strategic skills related to problem solving and decision-making, social skills related to leadership, communication, networking, business management, and special skills related to operational or process/technical management.

Several studies mention the importance of managerial skills in the pursuit of expanding a business (Wiklund & Shepherd, 2003). These abilities are essential for managing and obtaining other assets associated with growth, such as personnel, organizational processes, and financial resources (Sexton & Bowman-Upton, 1991; Wernerfelt, 1984). Skill in management are equally important for identifying opportunities for growth and formulating strategies to achieve it (Baum et al., 2001).
Another important skill in entrepreneurship is a digital skill (Hamburg et al., 2017; Nedumaran et al., 2020). This ability can be used in a variety of business-related context that can benefit entrepreneurs and customers (Nedumaran et al., 2020). It also can increase production and labor efficiency (Potekhina et al., 2020). Atuahene-Gima and Ko (2001) also add learning and adaptation skills as important skills in entrepreneurship. These abilities empower businesses to recognize and adapt to shifts in the environment by making assumptions about consumer behavior and competitive dynamics.

2.5. Motivation

Motivation in entrepreneurship is a directed motivation to achieve entrepreneurial goals, such as goals related to the introduction and utilization of business opportunities (Baum et al., 2007). According to Tyszka et al. (2011), motivation has a positive effect on the entrepreneur’s intention because it can trigger enthusiasm or interest in carrying out certain activities so that it will trigger innovative thinking to seek profit. Recent studies, (Cheng, 2019) found that entrepreneurial motivation had a significant impact. Motivation as environmental factors on strategy and performance have a significant influence. Srimulyani and Hermanto (2022) demonstrate entrepreneurial motivation partially mediates the effect of self-efficacy entrepreneurship on food and beverage micro and small companies in East Java, Indonesia. Motivation affects entrepreneurial intents and decisions to start a firm (Santoso et al., 2018) as well as innovation and commercial success. Entrepreneurship requires motivation and achievement. Motivation drives people to attain goals. Entrepreneurial self-motivation is a stimulus that allows people to do business with enthusiasm, creativity, innovation, and the courage to take risks to make money or other benefits. Norena-Chavez and Guevara (2020) show that independence, demand for achievement, social recognition, and financial rewards positively and significantly affect survival success.

2.6. Hypothesis and Research Framework

Based on the literature review above, the research hypotheses proposed in this study are:

H1: Personal character has a significant effect on business growth intention
H2: Knowledge has a significant effect on business growth intention
H3: Skills have a significant effect on business growth intention
H4: Motivation has a significant effect on business growth intention
H5: Gender has a significant effect on business growth intention  
H6: Education has a significant effect on business growth intention  
H7: Age has a significant effect on business growth intention

![Figure 1: Research Framework.]

3. Research Methods

3.1. Research Approach and Data Source

This study used a self-filled questionnaire distributed to 680 respondents from creative industry MSMEs, of which 634 had been filled out and could be analysed further. The selection of respondents used purposive random sampling from 3 provinces (South Sumatra, West Java, and DI Yogyakarta) with relatively developed ecosystems and a high share of the creative economy industry (Ministry of Tourism and Creative of Indonesia, 2020). The criteria for respondents in this study are MSMEs engaged in product processing activities within the creative industry sector.

3.2. Variable Measurement

The variables in this study were measured using a questionnaire adapted from several references. This questionnaire uses Likert scale answers from 1 as strongly disagree to 6 as strongly agree. The questionnaire contains 108 questions, with the number of question items for each variable in the questionnaire shown in Table 1.
### Table 1: Number of questions in the questionnaire and its references.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Question</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal character</td>
<td>40 items</td>
<td>(Gaumer et al., 2016; McClelland, 1961; Wolff, 2005; Yates &amp; Stone, 1992)</td>
</tr>
<tr>
<td>Knowledge</td>
<td>12 items</td>
<td>(Omerzel &amp; Antončič, 2008)</td>
</tr>
<tr>
<td>Skill</td>
<td>42 items</td>
<td>(Kyndt &amp; Baert, 2015; Mamun et al., 2016)</td>
</tr>
<tr>
<td>Motivation</td>
<td>10 items</td>
<td>(Vijaya &amp; Kamalanabhan, 1998)</td>
</tr>
<tr>
<td>Business Intention</td>
<td>4 items</td>
<td>(Zhao et al., 2010)</td>
</tr>
</tbody>
</table>

### 3.3. Data Analysis

This study uses structural equation model analysis (SEM) to examine factors influencing business growth intention. Although Manley et al. (2021) stated that SEM analysis in studying entrepreneurship is still limited, it turns out that several other studies have used the SEM method to identify correlations between various entrepreneurial variables and the intention to grow in entrepreneurship (Karimi et al., 2013; Neneh & Vanzyl, 2014). Therefore, the SEM model using SMART PLS is feasible for testing individual character variables on growth intentions in entrepreneurship. PLS-SEM has the capability to concurrently elucidate the connections among multiple variables (Hair et al., 2019).

### 4. Results

#### 4.1. Descriptive Statistics

Table 2 displays the descriptive statistics of sample in this study. The sample consisted of 634 respondents, with 54.9 percent including male respondents and 45.1 percent including female respondents. The sample was generally integrated by 33.1 percent from South Sumatra, 34.9 percent from West Java, and 32 percent from DI Yogyakarta. In terms of education, the majority of last year’s education was high school (57.10%), junior high school (18.60%), elementary school (13.20%), and diploma-post graduate (11%). Almost 99.4 percent of the income earned by respondents is less than 300 million.

#### 4.2. Evaluation of Model Measurement Results

Reliability Analysis and Convergent Validity
A good SEM model is greatly influenced by the validity of indicators and good construct reliability. Hence, it is necessary to assess the validity and reliability of every indicator. The reliability scores for each construct are at or above 0.70, which falls within acceptable thresholds. This suggests that the measurement scale for the construct is steady and reliable (Hair et al., 2006). Meanwhile, the convergent validity test determines the validity of each indicator that builds the variable. The measurement model must meet all the required criteria. Reflective measurement models examine the values of indicator loadings, composite reliability (CR), and average variance extracted (AVE). For convergent validity, a loading factor greater than 0.5 is the general guideline. Higher values generally indicate a higher degree of reliability. However, a value of 0.95 or higher will reduce construct validity and indicate the possibility of an unwanted response pattern (Hair et al., 2019). The loading factor value is also recommended > 0.5 because it implies that the model accounts for over half of the diverse indicators, thus indicating that all questions in the questionnaire are valid. The AVE value obtained must higher than 0.50 to indicate discriminatory validity. Furthermore, the composite reliability test determines the actual reliability of each variable, whose value must be greater than 0.5. Table 2 shows the evaluation of model measurement results. The outer loading value for each indicator is > 0.7, and none exceeds 0.91, indicating that the variable meets the convergent validity assumption. While the CA value is > 0.7, CR and AVE values > 0.70 mean the data is valid and reliable for further analysis.
<table>
<thead>
<tr>
<th>Latent (Construct)</th>
<th>Variable</th>
<th>Items</th>
<th>Loading</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Intention</td>
<td>IN1</td>
<td>0.846</td>
<td>0.951</td>
<td>0.761</td>
<td>0.826</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN2</td>
<td>0.851</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN3</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN4</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Intelligence (EI)</td>
<td>EI1</td>
<td>0.772</td>
<td>0.960</td>
<td>0.784</td>
<td>0.854</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI2</td>
<td>0.826</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI3</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI4</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI5</td>
<td>0.828</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need For Achievement (NFA)</td>
<td>NFA1</td>
<td>0.848</td>
<td>0.929</td>
<td>0.766</td>
<td>0.837</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFA2</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFA3</td>
<td>0.819</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFA4</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFA5</td>
<td>0.839</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity (CR)</td>
<td>CR1</td>
<td>0.855</td>
<td>0.958</td>
<td>0.765</td>
<td>0.865</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR2</td>
<td>0.858</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR3</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR4</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR5</td>
<td>0.849</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Taking (RT)</td>
<td>R1</td>
<td>0.833</td>
<td>0.958</td>
<td>0.715</td>
<td>0.821</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R2</td>
<td>0.819</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R3</td>
<td>0.843</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R4</td>
<td>0.871</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R5</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Efficacy (SE)</td>
<td>SE1</td>
<td>0.836</td>
<td>0.937</td>
<td>0.788</td>
<td>0.849</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE2</td>
<td>0.859</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE3</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE4</td>
<td>0.827</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge (K)</td>
<td>K1</td>
<td>0.851</td>
<td>0.960</td>
<td>0.789</td>
<td>0.791</td>
<td></td>
</tr>
<tr>
<td></td>
<td>K2</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>K3</td>
<td>0.863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>K4</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>K5</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 3: Continued.

<table>
<thead>
<tr>
<th>Latent (Construct)</th>
<th>Variable</th>
<th>Items</th>
<th>Loading</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Skill (SS)</td>
<td>SS1</td>
<td>0.847</td>
<td>0.928</td>
<td>0.812</td>
<td>0.829</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SS2</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SS4</td>
<td>0.857</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Skill (MS)</td>
<td>MS1</td>
<td>0.819</td>
<td>0.952</td>
<td>0.715</td>
<td>0.874</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS3</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS4</td>
<td>0.848</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS5</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS6</td>
<td>0.836</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning Adaptive Skill (LAS)</td>
<td>LAS2</td>
<td>0.897</td>
<td>0.924</td>
<td>0.753</td>
<td>0.789</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAS3</td>
<td>0.897</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAS4</td>
<td>0.904</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAS7</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAS8</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Skill (SocS)</td>
<td>SocS1</td>
<td>0.864</td>
<td>0.933</td>
<td>0.735</td>
<td>0.801</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SocS2</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SocS3</td>
<td>0.864</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SocS4</td>
<td>0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SocS5</td>
<td>0.808</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process Skill (PS)</td>
<td>PS1</td>
<td>0.813</td>
<td>0.931</td>
<td>0.729</td>
<td>0.802</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PS2</td>
<td>0.817</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PS3</td>
<td>0.818</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PS4</td>
<td>0.815</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PS5</td>
<td>0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Skill (DS)</td>
<td>DS1</td>
<td>0.825</td>
<td>0.950</td>
<td>0.793</td>
<td>0.881</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DS2</td>
<td>0.877</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DS3</td>
<td>0.899</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DS4</td>
<td>0.894</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DS5</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motivation (MV)</td>
<td>MV2</td>
<td>0.809</td>
<td>0.950</td>
<td>0.733</td>
<td>0.865</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MV3</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MV5</td>
<td>0.863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MV6</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MV7</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3. Evaluation of Structural Measurement Results

Table 4 summarizes the conclusions of each hypothesis tested. Consistent with the literature and hypothesis outlined previously, the estimates of the PLS-SEM model indicate that, except for knowledge, education, and gender, the signs of the coefficients of personal character, skill, and motivation are positive and statistically significant. The gender variable shows statistical significance but in the negative direction.

According to Hooper et al. (2008), several model goodness indices are shown in Table 3 (R-square, CFI, RMSEA, and GFI values). A good model has R-Square criteria $>0.75$, $\text{CFI} \geq 0.90$, $\text{RMSEA} < 0.08$, and $\text{GFI} > 0.75$ (Fan et al., 2016; Shi et al., 2019). The resulting model in this study is good because it fulfills these criteria.

**Table 4: Hypothesis Testing.**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Estimate</th>
<th>z-value</th>
<th>p-value</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Personal Character Business Growth Intention</td>
<td>0.143</td>
<td>3.451</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>H2</td>
<td>Knowledge Business Growth Intention</td>
<td>0.003</td>
<td>0.032</td>
<td>0.916</td>
<td>Not Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Skills Business Growth Intention</td>
<td>0.266</td>
<td>13.241</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H4</td>
<td>Motivation Business Growth Intention</td>
<td>0.570</td>
<td>5.891</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H5</td>
<td>Gender Business Growth Intention</td>
<td>0.054</td>
<td>2.029</td>
<td>0.042</td>
<td>Significant</td>
</tr>
<tr>
<td>H6</td>
<td>Education Business Growth Intention</td>
<td>0.021</td>
<td>1.544</td>
<td>0.031</td>
<td>Significant</td>
</tr>
<tr>
<td>H7</td>
<td>Age - Business Growth Intention</td>
<td>0.001</td>
<td>1.081</td>
<td>0.280</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

**Goodness-of-Fit Indexes for Measurement Model**

<table>
<thead>
<tr>
<th>Index</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-Square ($R^2$)</td>
<td>0.886</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>0.929</td>
</tr>
<tr>
<td>Root mean square error of approximation (RMSEA)</td>
<td>0.050</td>
</tr>
<tr>
<td>Goodness-of-fit statistic (GFI)</td>
<td>0.761</td>
</tr>
</tbody>
</table>

5. Discussion

5.1. Relationship Between Personal Character and Business Growth Intention

The personal character has a significant positive relationship with growth intention in MSMEs actors in Indonesia. It is in line with several studies conducted by (Bird, 1988; Dutta & Thornhill, 2008; Fini et al., 2009; Karabulut, 2016; S. Karimi et al., 2011). The personal character in this study that consists of indicators such as emotional intelligence, need for achievement, creativity, risk-taking, and self-efficacy contribute
to growth intention. These indicators are needed in running a business which full of challenges and risks.

According to Karia (2021), emotional intelligence contributes roughly thirty percent of success, with self-vision and self-innovation boosting entrepreneurial performance. Quintillán and Peña-Legazkue (2020) found that emotional intelligence improves performance. Emotional intelligence in entrepreneurs leads to positive actions, thoughts, decisions, emotions, and achievements, rather than rational thinking (Izadi et al., 2020; Molina et al., 2020). Cherniss and Goleman (2001) stated that emotional intelligence significantly impacts performance, ultimately impacting a business’s growth. A person with emotional intelligence can regulate and use their emotions effectively, so the steps and strategies taken in running a business will be more effective.

The need for achievement is a character in which a person has the desire and ambition to succeed (Karabulut, 2016). According to Lee (1997), the need for achievement is a factor that drives an individual to confront challenges in pursuit of success and excellence. An individual exhibiting a high need for achievement tends to possess greater self-assurance, approach risks more cautiously, and display a stronger inclination towards tangible indicators of their performance (McClelland, 1965). Therefore, individuals possessing a strong desire for accomplishment are inclined to expand their businesses further.

Furthermore, Setiadi and Aryanto (2014) argued that creativity indicates personal character. This creativity affects entrepreneurial intentions (Anjum et al., 2021). Creativity exists in entrepreneurs before and when the business is running (Fillis & Rentschler, 2010) because creativity has a role in the development of new goods and services (Hu et al., 2018). Someone with high creativity will have creative ideas to develop their business. Thus, the desire to foster and expand their business will be more pronounced. The business owned becomes a place to express creative ideas.

Risk-taking propensity affects entrepreneurial growth intention. A greater willingness to take risks boosts confidence and can impact one’s capacity to participate in decision-making (Shahzad et al., 2021). The inclination towards risk-taking involves managing uncertainty and being prepared to accept it. Risk-takers may opt for choices with lower probabilities but potentially beneficial outcomes (Karabulut, 2016). Entrepreneurs who take risks can venture into the unknown in uncertain environments to succeed. Hence, people inclined towards risk-taking exhibit greater confidence in expanding their business, consequently influencing their business growth intentions.

Self-efficacy refers to the belief in an individual’s capacity to effectively allocate resources and strategize the actions required to attain a goal (Bilgiseven & Kasimoglu, 2016).
Entrepreneurial self-efficacy (ESE) is the conviction that people are confident to become entrepreneurs, engage in entrepreneurial activities, and ultimately achieve their entrepreneurial goals (Al-Qadasi et al., 2023). Lee et al. (2011) explored how self-efficacy impacts entrepreneurial intention, proposing that it affects both perceived feasibility and entrepreneurial intentions. Individuals with high self-efficacy are more disposed to acquire knowledge about entrepreneurial methods and techniques, which can enhance their entrepreneurial intentions (Saoula et al., 2023). People possessing high self-efficacy will believe in themselves and their ability to expand their business in order to achieve their goals.

5.2. Relationship Between Entrepreneurial Skills and Business Growth Intention

This study indicates that skills determine the business growth intentions of MSMEs actors in Indonesia’s creative industry. These results are consistent with several research studies highlighting the significance of skills in entrepreneurship and their impact to the growth and longevity of business (Chandler et al., 1992; Sánchez, 2012; Shabbir et al., 2016). Capaldo et al. (2004) in Shabbir et al. (2016) concluded that entrepreneurial skills and competencies are important to a business. According to Hayton and Kelley (2006), entrepreneurial skills are multidimensional and dynamic. They encompass cognitive knowledge derived from learning, affective knowledge related to emotional expression and experiences, as well as strategic, tactical abilities, and action behavior or actions at the sectoral level in business. Having multi-layered skill elements will help improve performance and business growth.

Furthermore, Chell (2013) argues that skills can be learned and improved with practice and repetition. Rauch and Frese (2000) also explain entrepreneurial skills as skills or competencies that are very important for every entrepreneur to be successful in his business ventures that promote to grow the business. Entrepreneurial skills can be learned and possibly changed through interventions such as education, training, and teaching in entrepreneurship (Man et al., 2008). Entrepreneurial skills are important for increasing entrepreneurial intentions. Weak skills weaken the contribution to overall entrepreneurial activity and hinder economic growth (Shabbir et al., 2016).

The education level and training needed for honing these skills largely hinges on the existing levels of human capital individuals bring to their entrepreneurial endeavors. It has been contended that cultivating these skill sets will empower individuals to tap
into their potential and shape their destinies, regardless of whether they choose an entrepreneurial path or not (NESTA, 2008)

5.3. Relationship between Motivation and Business Growth Intention

This study indicates that motivation has the most significantly influence on business growth intentions, with an estimated value of 0.570. These results reinforce previous analyses (Begley & Boyd, 1987; Giacomin et al., 2011; Karabulut, 2016), which claim that motivation and optimism are positive and significant to higher entrepreneurial intention levels. Motivation is associated with growth in entrepreneurship. Motivation is about the individual’s drive to succeed. Highly motivated individuals are poised to succeed through high levels of business growth. Motivation is the main and strongest contributor for creative industry entrepreneurs to excel from their competitors. Entrepreneurs’ motivation can be positively reflected in need for achievement, power, and affiliation (Utomo, 2021). Individuals with high levels of achievement motivation tend to participate in innovative activities that involve further planning (Kerr et al., 2018; Vodă & Florea, 2019).

The relationship between success in entrepreneurship and motivation can be reflected in courage, independence, and goal orientation (Stoian et al., 2018). According to Douglas and Prentice (2019), motivated people can be reflected in a proportional attitude and strongly intend to build an idea in their business. Other words, people with a strong desire are more inclined to venture into entrepreneurship. With motivation, an entrepreneur is moved and directed to overcome obstacles and challenging situations independently, confidently, forward-looking, and values a high desire to innovate. Douglas and Prentice (2019) also proves that when motivation is low, it leads to diminished performance and lower expectations, thereby increasing the likelihood of failure.

5.4. Relationship between Sociodemographic (Gender, Age, and Education) with Business Growth Intention

In this study, gender and education influence business growth intention differently, although they have a minor role than other factors. Age is not significant to business growth intention.
The literature also shows that gender variables can explain differences in male and female entrepreneurial behavior (Koellinger et al., 2007). Several studies show that women entrepreneurs and younger often have limited access to external resources to grow their businesses (Rosa et al., 1996). Research in Germany shows that women entrepreneurs start their businesses with smaller capital and scale than male entrepreneurs (Dickwach & Jungbauer-Gans, 1995). Females have a lower likelihood compared to males to have the intention to grow their business. Several explanations have been proposed for this phenomenon, encompassing issues like diminished self-assurance, dependence on others, opting for fiercely competitive sectors, and familial responsibilities. However, there is limited data regarding the comparative significance of these factors and whether they vary significantly across nations (Levie & Autio, 2013). However, empirical evidence needs to be deepened, and further studies carried out (Shinnar et al., 2012).

In addition, education has a modest but significant favorable impact on growth goals (Levie & Autio, 2013). Previous studies (Florin et al., 2007; Kuratko, 2005) argue that attitudes and intentions in entrepreneurship can be influenced through education. Education sharpen creative skills and increase entrepreneurial intensity (Rauch & Frese, 2000). Stevenson (2005) in Liu et al. (2019) also argues that education and training have the potential to shape individuals’ outlooks and inclinations towards entrepreneurship, as well as enhance their managerial skills. In short, education aims to help individuals develop entrepreneurial ability, attitudes, skills and various skills (Fiet et al., 2000). These findings align with various studies (Bae et al., 2014; Martin et al., 2013; Westhead & Solesvik, 2016) that found a significant and positive relationship between level of education and higher entrepreneurial intentions.

5.5. Relationship between Knowledge and Business Growth Intention

The basic concept put forward by some studies (Jack & Anderson, 1999; Malebana, 2014; Wu et al., 2008) is that knowledge is an essential resource and disclosure in learning needed for opportunity and entrepreneurship. This analysis reveals that knowledge is not statistically significant to business growth intention (p > 0.000). This variable in entrepreneurial literacy is ambiguous and problematic because of the mix between pure entrepreneurship knowledge and general knowledge. However, the study by Schaper and Casimir (2017) in Nyadu-Addo and Edwards (2022) argues that
knowledge is focused on the knowledge occupied by entrepreneurs so that the measurement of this concept is not biased. These results also indicate that more efforts are needed to increase knowledge about growth intentions in business and conceptualize growth terms in entrepreneurship, such as increasing turnover, number of employees, and changes in technology or tools used. This effort will also foster a favorable entrepreneurial attitude and enhance one’s ability to take effective action. Consequently, individuals with greater knowledge about entrepreneurial growth are more inclined to identify strategies for advancing their businesses.

6. Conclusions

Overall, this research contributes to findings regarding the core components of human resource complexity that shape entrepreneurial performance. These are personal character, individual skills, motivation and socio-demographics such as education and gender that will stimulate decisions, thinking, emotions and achievements.

This study concludes that personal character, skills and motivation significantly positively impact business growth intentions. Motivation has the most significant influence on business growth intentions. Therefore, training related to increasing motivation, personal character, and skills is specifically needed to increase business growth intentions for MSMEs in Indonesia, especially in the creative industry sector. Such self-perceived capabilities or human intrinsic values within successful entrepreneurs constitute a positive belief system of an individual or entrepreneurs as innovation of human capital that inspires positive effects on action, behaviour, and achievement. Thus, they are positively associated with achievement or performance and have a lasting effect on outstanding business performance.

Further studies are needed by examining the determinants of business growth intentions for other sectors to compare the determinants of growth intentions for each sector. This comparison ensures that assistance and training by relevant stakeholders can be on target.

ACKNOWLEDGEMENT

This article was written using the findings of the large study entitled “Development of Natural Resources-based Entrepreneurship Ecosystems: Analysis of MSME Entrepreneurship Empowerment Strategies through Strengthening Self-Competence and Innovation” which was funded by the Research Organization for Social Sciences.
and Humanities - National Research and Innovation Agency (BRIN), Indonesia. The coordinator of this study is Dra. Endang S Soesilowati, M.S., M.A., Ph.D and team members are Dr. Yani Mulyaningsih, Yeni Saptia M.Sc, Drs. Darwin, Ika Inayah, M.M, and Reninta Dewi Nugraheni, M.Sc (Research Organization for Governance, Economy, and Public Welfare - BRIN). The authors are solely accountable for the content of this article.

References


[100] NESTA. Barriers Developing Entrepreneurial Graduates. NESTA; 2008.


DOI 10.18502/kss.v9i21.16679


