

# The Influence of Innovation and Entrepreneurial Self-Efficacy to Digital Startup Success

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ARTICLE INFO	ABSTRACT
<p><i>Keywords:</i>                      technopreneurship,                      entrepreneurial self-efficacy (ESE),                      innovation,                      business success,                      digital startup</p> <p>Corresponding author:                      agnes.dessy@gmail.com</p>	<p>Establishing and developing a startup business is not easy. Startup success depend on various aspects, such as financial,business model, and learning organizations. Personalities factor of founders have a contribution in business development, especially entrepreneurial self-efficacy (ESE) and innovation. But, in Indonesia, there is still no psychological study who see the contribution of those factors on business success in digital startup. This study aimed to understand how both factors influence startup digital. The sample is 64 founders. The research instrument is ESE, KAI, and Business Success questionnaire (Kirton in Riyanti, 2003; Chen et al, 1998; Kaplan &amp; Norton, 2006). Multiple-regression analyses reveal ESE and innovation contributes 20.8% to business success. ESE regression coefficient is 0.200 (P &lt;0.05) and innovation 0.026 (p&gt; 0.05). This means, ESE has significant positive effect, while innovation has a positive relationship but insignificant. Interventions in the form of booklets that inform how to increase ESE. The booklet is already conducted trials on five founders.</p> <p>SARI PATI</p> <p><i>Mendirikan dan mengembangkan usaha startup digital itu sulit. Keberhasilan stratup digital tergantung pada berbagai aspek, seperti finansial, model bisnis, serta organisasi pembelajaran. Dalam keberhasilan usaha, faktor yang berperan penting adalah kepribadian founder, seperti entrepreneurial self-efficacy (ESE) dan inovasi. Namun, khususnya di Indonesia, belum ada penelitian psikologi yang melihat kontribusi kedua faktor tersebut terhadap keberhasilan startup digital. Studi ini bertujuan untuk mempelajari pengaruh kedua faktor tersebut, agar diperoleh intervensi dalam mengembangkan startup. Sampel penelitian adalah 64 founder. Instrumen penelitian menggunakan kuesioner ESE, KAI, dan Keberhasilan Usaha (Kirton dalam Riyanti, 2003; Chen, dkk, 1998; Kaplan &amp; Norton, 2006). Digunakan teknik analisis regresi berganda dan didapatkan kontribusi 20,8% dari ESE dan inovasi pada keberhasilan usaha. Nilai</i></p>

*koefisien regresi ESE 0,200 ( $p < 0.05$ ) dan inovasi 0,026 ( $p > 0.05$ ), menunjukkan ESE memberikan pengaruh positif signifikan, sementara inovasi berhubungan positif namun tidak signifikan. Intervensi berupa pemberian booklet mengenai strategi meningkatkan ESE, dan sudah dilakukan uji coba pada lima founder.*

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## INTRODUCTION

Along with the development of technology, the world of the digital industry in Indonesia is also grow. The growth of the digital industry is characterized by an emergence of startup digital companies who pioneered by the youth. There is many factors that encourage the development of digital startups in Indonesia (Arjanti & Mosal, 2012). First is the inspiration from the abroad success. Then, development of infrastructure and technology in Indonesia. Meanwhile, the third is an evolution of generation as an active internet user. And, the last is an acquisition of local startups by Yahoo Corporation. Based on those reason, an attraction of digital startup increase an interest of young generation to becomes technopreneurship. Especially because, startup digital company become more influential to the Indonesian economy.

Still, it is not easy to achieve a success in establishing startup. There are various aspects to be considered in developing a startup. In general, the determination of startup success can be view from various aspects. Such as customer, product, team, financial, and business models («Startup Genome Report», 2012; Langen & Groenewegen, 2012). In the concept of psychology, it is like the concept of a balanced scorecard, which view success from various aspects. Thus, in this study, aspects of business startup success will be seen from the financial aspects, consumers, business models and products, as well as learning organizations.

In the study related to the success and entrepreneur, there are many factors that contribute to the success of a startup. Zaheer (2015) mentions the factors is background of the founder (i.e. education and experience), motivation and commitment founder to expand the business, founder personality, innovation and creativity, as well as external factors (i.e. relations and environment). Yet, few studies in Indonesia that explain an influence of personality factors on business success. Even though, the individual factors can be a determinant in the conduct of business development. The founder has an important role in becoming the movers and decision makers on the success or failure of a digital business. It is because the founder has a role as the creator, owner, and manager of digital startup.

Based on psychological research related to the characteristic founder who has success. Song, et all (2008) identified that there are eight factors in founder that are correlated to startup performance, such as: (a) supply chain integration; (b) market scope; (c) firm age; (d) size of founding team; (e) financial resources; (f) founders' marketing experience; (g) founders' industry experience; and (h) existence of patent protection. Meanwhile, the personalities factor that have a significant relationship with the success of the business are the need for achievement, self-efficacy, innovation, proactive, confident, resilient to stress, and the need for independent (Rauch and Frese, 2007; Tagraf and Akin, 2009; Leutner et al., 2014). One of the most important concepts to be seen is self-

efficacy. According to Bandura (2010), self-efficacy is the belief in the individual ability to perform a task or action to achieve certain goals. Someone who has a high self-efficacy will tend to work harder and more persistent to face an obstacles and find a way out of the difficulties to accomplish success. This makes people more likely to achieve their goals. The research about entrepreneurial self-efficacy has talked about how self-efficacy can influence entrepreneurial intentions where the higher the value of self-efficacy, the higher the desire for self-employment (Batubara & Tamaria, 2016).

The association between self-efficacy and business success has an important meaning. The higher individual belief in conducting business activities will be affect the behavior of individual business development. The more a person has belief about his ability to run a business then the greater the effect on the individual business development (Drmovsek, Wincent, & Cardon, 2010). This concept known as an entrepreneurial self-efficacy / ESE.

Chen, Greene, and Crick (1998), defines the ESE as a strong belief in the individual ability to perform the role and duties as an entrepreneur. The six main dimensions that determine the value of ESE is (a) belief in the ability to develop new products and market opportunities, (b) the confidence to cope with unexpected challenges, (c) the confidence to be able to develop existing resources, (d) conviction for may define the core objective (e) the belief in the ability to build an innovative environment, and (g) the belief in the ability to build relationships with investors.

In the entrepreneurial process, executing and developing a business isn't an easy task. Factors, such as an uncertainty condition, obstacle, and responsibility to develop will determine whether a business will succeed or not. One of the unique condition within this digital startup is the role of community or group. In those community, the

members support each other and have passion in startup digital. That efforts makes the community bigger and interesting other people to join. The community often held an events, i.e. gathering or seminar, to share and discuss updated information about digital startup. Based on an interview conducted by researcher, in interesting to find that the concept 'does not give up' who spoken by the founder is often associated with the belief and trust to become more confident. The founders pointed out that they need the belief to be confidence in doing the daily activities, such as making decision, choosing between opportunities, and the way to determine their startup development. They belief that they need to be confindet in a way to taking an opportunity, making creative innovations, as well as in interacting with others (Interview on 16-17 November 2016). Therefore, the concept of ESE becomes appropriate to see how the founder execute and develop startup digital with all of the failures, uncertainty, and obstacle.

Besides ESE, it is also important to discuss the concept of innovation. It is because they need innovation as a tool to execute their creative ideas on startup digital. Individual innovation will be seen from the way or process of thinking. With this concept, we can see how the creative thinking give an influence to the success of startup. Kirton innovation theory will be used to see innovation from the perspective of personality. Kirton believes that there are three elements that differentiate the style of a creative person, namely originality, efficiency, and group-conforming. All three of these elements will determine whether a person is an adaptor or innovator (Kirton in Riyanti, 2003). In interview, founders said that innovation is necessary to create and develop the product to solve problem that they found. Innovation is also important when they need new method to grow their business and attract people to get to know their product. Moreover, innovation is becoming a strategy to determine how they improve technology and startup system.

In this study, another unique characteristics from digital startup is innovation should be combined with the skills or ability to use technology. This also the reason for the establishment of digital startup communities. Giving knowledge, share experiences and tips about develop startup digital make founders and members of the community to belief that they can do this business.

So, the aim of this study is how ESE and innovation influence the success of digital startup; and to knowing how innovation and entrepreneurial self-efficacy contributes the success of the digital startup.

## METHODS

### Research Question & Hypothesis

“How does the influence of innovation and entrepreneurial self-efficacy factor in supporting the success of digital startup?”

$H_1$  : The higher the innovation of entrepreneurship, the greater the success of digital startup business is obtained.

$H_2$  : Entrepreneurs who have entrepreneurial self-efficacy is higher, will have a greater amount of success in their digital startup.

### Research Method and Population

Participants in this study is the founder of startup digital. They must have this characteristic: (1) the owner of startup digital, such as creator websites, creator applications, games developer, software developer, and so on; (2) have started businesses approximately 3 months; (3) is part of the initial founder (part of team founder). Total population is unknown so to determine the sample, researcher use the following criteria: (a) a decent sample size in the study were between 30 to 500; and (b) If the research will perform with multivariate analysis (i.e. correlation or multiple regression), then the number of sample members at least 10 times the number of variables studied. For example there are five research variables (independent + dependent), the number of members of the sample =  $10 \times 5 = 50$  (Roscoe in Sugiyono, 2010).

The sampling technique is the nonrandom sampling, namely convenience sampling. Total number of samples obtained for this study is 64 respondents. Data were obtained through a questionnaire composed of six sections which include informed consent, demographic data, characteristics startup digital, innovation style, entrepreneurial self-efficacy, and the success aspects.

### Variable Measurement

There are two independent variables in this study. It is innovation and entrepreneurial self-efficacy. The innovation behavior is the tendency of innovation to be innovative or adaptive. It will be measured by KAI instrument (Kirton Adaption-Innovation). There are three dimensions, namely originality idea, efficiency, and group conforming). In KAI there are 31 statements and measured using a Likert scale of 1 to 6. The higher score indicates a tendency to act more innovative (innovative creative), the lower score indicates a tendency to act adaptive (adaptive creative).

Meanwhile, entrepreneurial self-efficacy is the belief of the individual toward his ability in conducting entrepreneurship to achieve a success. It will be measured by ESE instrument. There are six components in the concept of ESE (Barbosa, et al., 2007). In ESE there are 24 statements and measured using a Likert scale of 1 to 6. The higher score indicates a tendency of respondents have high levels of self-efficacy, and vice versa. The lower the score, show respondents have low levels of self-efficacy.

Dependent variable is business success factors. The operational definition for business success factor is the level of progress achieved by the digital startup. The success criteria are financial (modal accumulation), consumer (the number of users), internal business processes (product review), as well as the learning-growth.

a. Financial aspect is the increase in modal accumulation. It will be measured by a single multiple-choice questions about how much

- the increasing modal in percentage. It also have an open-ended question to find out the strategy of increasing in the financial aspect.
- b. Consumer aspect is the number of customers who use the service for their business. It will be measured by using a single multiple-choice questions about how much the increasing of users in percentage since it was released. It also have an open-ended question to find out the strategy of increasing consumer.
  - c. The internal business process aspect is the average number of reviews of the products and business models implemented in their digital startup. This is measured using two questions related to the average number of product reviews owned by startup and the founder's opinion of the business model used.
  - d. Learning-growth aspect is the degree of the respondents' assessment of the aspects of development that exist within the organization. It will be measured by instruments learning organization (Senge, 2010). The questionnaire contained 12 statements and measured using a Likert scale of 1 to 4. The higher the score indicates that the organization has growth and development in him.

**Validity and Reliability**

The validity of research instruments measured by expert judgment, readability test and tryout through statistically about internal consistency. According to Crocker and Algina (1986), good item must be in the range of 0.3 up to 0.8. So it can be said that the item is valid. Whereas, for the items that in the range of 0.2 to 0.3 must be revised. Below 0.2 then the item can not be used anymore because it is not valid in measuring a construct. Meanwhile, the

reliability was measured by using a method Alpha coefficient (Cronbach Alpha). Score limit values that will be used in this study was > 0.7 due to the score of a measuring instrument can be said to have a high consistency (Nunally, in Spector, 2012). The result for validity and reliability of items in innovation, entrepreneurial self-efficacy and business success is valid and reliable that means the questionnaires can be used for this research (Table 1).

**RESULTS AND DISCUSSION**

**Respondent Demographic Data**

Respondents consisted of 58 (86.6%) male and 6 (9%) women, aged between 20-39 years old. Based on generation theory, this group age included in the Generation Y and Z. Character distribution of generations based on birth span. This is to explain that the characteristics of the founder is a generation who are familiar with the internet. They have been exposed to digital technology and often use it in everyday life (Jones & Shao, 2011; Sivalingan & George, 2011). This causes them to be more open to the use of technology and more eloquent to use the technology in their lives. The majority of them is S1 (81%) with a major in information technology, computer and information management systems. Then, most of the respondents have experience for entrepreneurship (62.7%). The reason to making this startup digital was initially carried out independently (65.7%), team (19.4%), and co-founder (10.4 %).

The life cycle of a startup, majority (52%) are in the scaling stage where at this stage the company should focus on accelerating the growth of subscribers, revenue, or both («Startup Genome

Table 1. Validity and Reliability Test Results

Instrument	Corrected Item Total Correlation	Valid Item	Cronbach's Alpha	Reliability
KAI	0,589 – 0,931	1-31	0,981	Reliable
ESE	0,332 – 0,940	1-24	0,955	Reliable
Learning-growth	0,458 – 0,879	1-12	0,932	Reliable

Report», 2012). Meanwhile, there is 12 respondents (19%) in the validation stage, where the company is still looking for market opportunities and loyal customers who will use the product. Then 11 respondents (17%) are still in the early stages of manufacture / discovery. While the remaining 8 respondents (13%) were in stage efficiency. In this stage, startup is making adjustment between the

products that customers want with the financial condition of the company.

The group of respondents who engage in startup has product in e-commerce (8%). They make an online site for trading place. Some of them make the application of games (23%). While the other gives consulting services in the form of IT

Table 2. Characteristic of Respondents

DEMOGRAPHIC DATA	FREQUENCY	PERCENTAGE
<b>Gender</b>		
Male	58	86,6%
Female	6	9%
<b>Age</b>		
20-24	24	38%
25-29	22	34%
30-34	11	17%
35-39	5	8%
> 39	2	3%
<b>Educational Background</b>		
High school	5	8%
D3	2	3%
S1	52	81%
S2	5	8%
<b>Entrepreneur Experience</b>		
Yes	42	62,7%
No	22	32,8%
<b>Founding the Startup</b>		
Independently	44	65,7%
Team	13	19,4%
Co-founder	7	10,4%
<b>Enterprise Age</b>		
3 – 7 months	11	17%
8 – 13 months	12	19%
14 – 20 months	8	13%
> 20 months	33	52%
<b>Product</b>		
e-commerce	5	8%
Service (marketing, information, consultant, making software, hosting)	15	23%
Games Application	15	23%
Handphone Software / Application	29	45%

/ software, providing information, or marketing (23%). Then, the largest group is the creator of applications / software for mobile phones, 29 respondents (45%). Table 2 presents an overview of the respondents were successfully obtained.

**Descriptive Statistic**

Table 3 will explain the descriptive data from this research.

Range score innovations have score of 31 to 175 with an average 137.52. It shows that the innovation score of founders is moderate. This means that respondents prefer to use the style of thinking Bridger, combination of innovative and adaptive. It is not much different from additional data obtained by researchers where more innovative style of creative thinking was applied to find an ideas and find the problems that exist in the field. However, later in the execution of the idea and the process of change, the digital startup owners are more likely to use a gradual change and are looking for ways that are already used by the mentors or experts who are experienced and then apply it to the business they run.

Range score ESE for founder digital startup are in range of a score 48 up to 143 with an average 119.88. It shows that scores on ESE is moderate. This means that overall the digital startup founders have the ordinary belief on their ability or skills to manage and develop startup. This suggests that the skills they have match to what is required in creating and managing their business.

According to the table above, the range of success business scores startup digital who were in the range score of 26 to 65 with an average 49.30. These data show that in the situation is full of

competition and challenges, they are still able to survive and still have room to grow and achieve profitability. When viewed in more detail in the four aspects, only the financial aspects that below the average. While aspects of consumer, business models and products, as well as learning organizations are above average.

**Effect of Innovation and Entrepreneurial Self-Efficacy to Business Success**

There are many studies that express innovation and entrepreneurial self-efficacy as a predictor of the success of the business and also the characteristics of successful entrepreneurs. However, there have been no studies to find out the contribution of these two variables on the success of the business, especially for digital startup ventures. Therefore, this study focused on the contribution of innovation and entrepreneurial self-efficacy of founder. This study is expected to provide more understanding towards startup development and success.

For that reason, multiple regression is used to test on the influence of innovation and entrepreneurial self-efficacy to business success. Before performing multiple regression test, it is necessary to test classic assumptions. First, the residual normality test conducted by Kolmogorov-Smirnov Goodness of Fit Test. Tests for residual variable indicates the value of the Kolmogorov-Smirnov (Z) has  $p > 0.05$ , which means the data are normally distributed. Furthermore, multicollinearity test showed that double collinearity do not occur between independent variables with value of Variance Inflation Factor (VIF)  $< 10$ , or the value of tolerance (TOL) approaches 1. Heteroskedastisitas test was conducted by glaciers method and the

Table 3. Descriptive Overview

Instrument	Mean	Standard Deviation	Range of Data
KAI	137,52	24,71	31 – 175
ESE	119,88	15,45	48 – 143
Business Success	49,30	7,63	26 – 65

results showed no significant effect between independent variable to the absolute residual ( $p > 0.05$ ). Thus there is no interference in heteroskedastisitas in the regression equation which mean regression model is considered good. The results of multiple regression (Table 4) shows the regression coefficients for the variables of innovation 0.026 ( $p = 0.528$ ) and entrepreneurial self-efficacy 0.200 ( $p = 0.004$ ). These results indicate a real positive influence of entrepreneurial self-efficacy to business success. While innovation has a positive correlation to business success but not significant ( $t = .634, p = 0.528$ ).

The regression results show that entrepreneurial self efficacy factors is the most determine for startup success ( $b = .200, t = 3.011, p = 0.004$ ). The founder who run their business with high self efficacy have a tendency to be more adventurous and eager to face the challenges, also trying new things than those who had lower score of self-efficacy. High self efficacy helps them to be better prepared in the face of obstacles, interact with investors, employee development and create products in achieving success. Conversely, individuals who have low self efficacy tend to be hesitant to do business development. With the entrepreneurial self efficacy, founder more confident in facing the uncertainty of the business environment so that more had the desire and the courage to develop the business. While the founder with low self efficacy, have a difficulty to make decision for their startup (such as adding new products or open up new markets). It is because they were not able to handle the possibility of loss resulting from those decisions.

Innovation does not significantly influence business success despite the regression equation toward a positive relationship. That means, the degree of thinking and behaving of higher innovation does not automatically make digital startup businesses succeed. In business success, innovation have a contextual meaning. Innovation generally have a positive relationship with the characteristics of a successful entrepreneur and helped to start and develop their business (Seibert & Zhao, 2006; Brandstatter, 2010). But in terms of business success startup, this study can not prove innovation contribution to the success. Based on observations of some founders, the cause of it because in the digital startup phase, where the age of the business is in the range of 3 months to 2 years, the development preferably to keep / maintain products, application / website, and consumer. In doing the maintenance, founders prefer to find ways and strategies that have been successful. Moreover, they have a community that is active and support each other by sharing knowledge and new knowledge. Therefore, at this stage of development startup, the founder tends to increase the knowledge than use the innovation thinking.

**An Additional Analysis**

Entrepreneurial self efficacy is a major contributing factor in the success of startup ventures. So, the efforts to do the development of startup will not be strong enough if the founder does not have the entrepreneurial self-efficacy positive. In reality (Table 5), many founders started the business digital startup just because of passion, a desire to solve problems, and other reasons (such as want

Tabel 4. Result of Regession Analysis

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
1 (Constant)	21.702	6.957	3.120	.003
Total_Kirton	.026	.042	.634	.528
Total_ESE	.200	.066	3.011	.004

a. Dependent Variable: bussiness success

Tabel 5. The Reason to Build Startup Digital

The Reason to Build Startup Digital	Frequency	Percentage
Profit and Increase Revenue	22	34%
Solve the Problem	24	38%
Hobbies and Passion	20	16%
Other (to be independet, interested, for fun, etc)	8	13%

to be independent, just for fun or try something new). Those data indicate that is why the success rate be within middle category. This also a reason why founder is still not too confident in doing business startup.

Therefore, the need for an intervention or development was targeted toward founder to increase the value of entrepreneurial self efficacy (ESE). So, they can have more belief to have a confident in doing business development of digital startup.

**RESULTS AND DISCUSSION**

Regression analysis results show that the factors which most determine the success of digital startup is entrepreneurial self-efficacy. The founders who have faith in their skills and abilities to manage the business and develop startup, will be more successful. This is in line with research conducted by Inggarwati and Kaudin (2010) which states that when entrepreneurs have high self efficacy in the ability to handle business activity (entrepreneurial tasks), they have a higher desire to develop the business than the one who has low self efficacy. A similar result was found in research conducted by Herath & Mahmood (2014) which states that existence of higher level self-efficacy among entrepreneurs will be helpful for them to improve the performance of their behavior to develop new product, cope with unexpected challenge, and developing critical human resources. Having a higher entrepreneurial self-efficacy make founder more confident in facing the uncertainty of the business environment so that more had the desire and the courage to develop the business. Founder with low self-efficacy, it could not be

confident to make decision for their business (such as adding new products or open up new markets). It is because they were not able to handle the possibilities that occur as a result of those decisions.

The interesting thing actually arose from the contribution of innovation to business success. In every research on entrepreneurship, innovation was expressed as a factor that became characteristic of successful entrepreneurs (Zaheer, 2015; Zuliarni, 2014). In a study, Rauch and Frese (2007), innovation was used as a factor that will be the determinant of how employers implement creative ideas in the formation and implementation of business ideas. However, after analysis, it was found that innovation does not have a significant influence on the success of the business startup. This is interesting because in general, innovation does have a positive relationship and be a predictor of a person to be successful in the business carried on. However, this study can not provide evidence of the contribution that innovation in the digital startup business success. Researchers feel that is happen because a several reasons, namely the age of the development of the digital startup phase, the strategy to achieve success, and also the unique characteristics of the community.

When associated with additional data obtained from the open-ended question, it was found that in the strategy to achieve success, respondents still too fixated with product and technical skills. To fulfilling it, they underlie it with the theory, concepts, or the strategy of the founder who are already successful. They prefer to imitate and adapt to their needs than to seek new ways.

This evident can be seen from the data of the open-ended question when respondents were asked about how improvements to the financial aspects and consumers. The answers given by the respondents associated with financial improvement is through the addition and product development (44%). Then, the most second answer is do not know (28%). Similarly, when asked about how to increase of consumers, the answer is always associated with the most secure product quality (45%). Followed by taking into feedback from the user related their products (22%).

Whereas, researcher saw that this innovation is needed if the digital startup want to reaches the established level and also can continue to compete. It is because the creative industry and technology world climate is rapidly changing, highly unpredictable, and highly competitive. The growth of digital startup company in Indonesia is quite rapid, but most of them are still in the early adapter or trial and error stage (Britania & Anggono, 2014). Therefore, in subsequent studies related to business startup digital industry, is necessary to find out more about how the role of innovation and creativity in business development. It should be added a profound question or more open-ended question to explore how the innovation give contribution to develop startup success. It can become a suggestions for future research related to innovation and business success in the digital startup.

In addition, another thing that should be considered in conducting research on digital startup is to notice the proximity and collaboration between founder. Perpetrators of this effort has uniqueness which they were formed in a community with a passion for open with each other and share information, knowledge, or experience so they can help each other in running their digital startup. This needs to be considered because maybe the success criteria are applied not just in the sense of an increase in financial, customer, product reviews, and the

organization. Their collaboration can become another criteria so that every business in the digital community of startup can be equally evolved. In this case also needs to be considered that the kind of competition that emerged might be able to experience the difference of meaning with a sense of competition or rivalry in the business world in general. It will be very interesting to see how the cultural climate of the digital startup community and connection with business development digital startup itself.

Then, for sample, in this study it cover various fields and business models of business startup and the amount is not too balanced for each category of its business model. This may affect the kind of innovation and entrepreneurial self-efficacy which underlies the success of the business. Therefore, perhaps in future research, it can be focused on a particular business model or are looking for a balanced number of samples for each category. It will help to gain a deeper understanding of the innovation and entrepreneurial self-efficacy in the success of digital startup business venture.

Meanwhile, with regard to interventions to improve the ESE and develop business startup, it can be given extra knowledge and information. This will be contains self-development (SWOT analysis), how to make goals (vision and mission) and consumer analysis. Considering the efficiency and effectiveness, the researcher decided to make it in the form of booklets. This booklet was made with colorful appearance and interesting content to appeal founder. With this information, researcher expects to help founder have more belief in their ability and became more confident in conducting their businesses. It also help them to be motivated to improve the success of their business

#### **MANAGERIAL IMPLICATIONS**

Entrepreneurial self-efficacy has a contributing factor in successful bussines startup. Therefore, efforts to encourage business development do not have a strong impact if the founder does not

have a positive entrepreneurial self-efficacy. The implications of this study are:

1. For institutions or communities who want to develop a digital startup business in Indonesia, should consider providing knowledge and skills for the founders. Knowledge and skills are about how to see opportunities, build relationships, practice manaejemen, and technology updates. Provision of knowledge and skills are made in the form of seminars, workshops, or business assistance. With the increase of knowledge and skills, it is expected to make the founder have confidence in running a business startup digital business owned.
2. Institutions and communities also need to actively and regularly conduct meetings of founders, such as exhibition, gathering, and bazaar. These meetings to build relationships and connections as one way to increase success in the digital startup business (Nann, et al, 2009). These meetings can also help founders who have similar businesses to learn from each other and share information related to how to develop and run their digital startup.

The institution and community should also start thinking about how to improve innovative and creative thinking skills for the founders. With innovation, the founder will be able to apply creative ideas in developing his business. This is what will be needed to make digital startup continuously in

the creative and technological industries, which are very fast changing, unpredictable, and competitive (York & Danes, 2014; Carlson & Usher, 2015).

## CONCLUSION

This study aimed to know the influence of innovation and entrepreneurial self-efficacy to the success of digital startup ventures. The findings of this study indicate that in the context of startup ventures, psychological characteristics have a tendency to dominate a person to become success. The important psychological characteristic that influence an entrepreneurial behavior (startup development) is an entrepreneurial self-efficacy. The higher the degree of entrepreneurial self-efficacy, the higher of the success for business startup. In this case, the concept of ESE becomes important because when the founder did not have the strong believe of their ability to develop startup, they are less actively involved in community activities.

Otherwise, the founders who believe in their ability will become more active and participate in various activities aimed at enhancing cooperation, increase knowledge, or to make a development on the business. Meanwhile, innovation plays a role only in the initial stage as in the development stage in the startup phase (3 months - 2 years). In this stage, the founder tends to increase the knowledge than to use the style of thinking innovation. ■

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