The Effect of Entrepreneurial Knowledge and Individual Creativity on Students' Entrepreneurial Intention and Self-Efficacy

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Abstract
This study aims to examine the influence of entrepreneurial knowledge and individual creativity on students' entrepreneurial intention, with self-efficacy serving as a mediating variable. The research employed a quantitative approach using a causal associative design involving students of the Management Study Program, Faculty of Business and Economics, Universitas Islam Indonesia, cohort 2021. A total of 78 respondents were selected through purposive sampling, with the criterion that participants had completed an entrepreneurship course. Data were collected using a structured questionnaire measured on a five-point Likert scale and analyzed through Partial Least Squares–Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0. The findings reveal that entrepreneurial knowledge and individual creativity have positive and significant effects on both self-efficacy and entrepreneurial intention. Furthermore, self-efficacy demonstrates a positive and significant effect on entrepreneurial intention and mediates the relationship between entrepreneurial knowledge, individual creativity, and entrepreneurial intention (partial and full mediation). The coefficient of determination (R^2) of 0.645 indicates that the proposed model explains 64.5% of the variance in entrepreneurial intention. These results underscore the importance of strengthening students' self-efficacy within entrepreneurship education to enhance entrepreneurial intention.

I. INTRODUCTION

Indonesia, with a population of approximately 284.4 million in 2023, has significant potential to become a developed country if it is able to manage its human resources optimally (Statistics Indonesia, 2023). One important indicator of a nation's progress is its capacity to create employment opportunities through entrepreneurial activities. However, Indonesia continues to face serious challenges in the employment sector. The country's position at 116th globally in terms of per capita income (USD 4,691) (World Bank, 2024) reflects the suboptimal management of human potential, the relatively low number of entrepreneurs, and limited supporting facilities for business development. As a result, many educated workers are not effectively absorbed into the labor market, and unemployment—particularly among university graduates—remains high.

Entrepreneurship serves as a driving force of economic growth by generating new job opportunities, enhancing competitiveness, and strengthening national economic resilience (Hisrich et al., 2017). Therefore, increasing the number of young entrepreneurs is a crucial strategy for sustainable economic development. Nevertheless, various studies indicate that entrepreneurial intention among Indonesian university students remains relatively low. Most students tend to prefer employment as salaried workers after graduation, perceiving such careers as more secure and stable (Firman & Putra, 2020). In fact, the university environment and entrepreneurship education have substantial potential to foster entrepreneurial motivation and intention (Mustofa et al., 2019). Higher education institutions should function as strategic platforms for cultivating creative, innovative, and independent mindsets—key characteristics of successful entrepreneurs.

Entrepreneurial knowledge represents an important cognitive aspect influencing students' ability to identify opportunities, understand risks, and manage resources to establish new ventures. Individuals with strong entrepreneurial knowledge tend to be better prepared to face business dynamics and demonstrate higher confidence in decision-making (Prayetno & Ali, 2020). In addition, individual creativity plays a vital role in generating new ideas, developing product innovations, and designing competitive business strategies (Mahanani et al., 2018). Creative entrepreneurs possess the ability to transform problems into opportunities and generate unique added value (Elen et al., 2018).

Although knowledge and creativity are important determinants, they do not automatically lead to entrepreneurial intention without strong self-belief in one's ability to succeed. In this context, self-efficacy functions as a psychological variable that bridges knowledge and entrepreneurial action. According to Bandura (2011), self-efficacy refers to an individual's belief in their capability to organize and execute the actions required to achieve specific goals. Students with higher levels of self-efficacy are more likely to take risks, demonstrate resilience in the face of failure, and show stronger motivation to start their own businesses.

Previous studies have reported varying results regarding the relationships among entrepreneurial knowledge, creativity, self-efficacy, and entrepreneurial intention. For instance, Setiawan et al. (2020), Kusumaningrum and Nuryana (2022), and Arraini and Musadad (2023) found a significant effect of entrepreneurial knowledge on entrepreneurial intention, whereas other studies reported different findings. These

inconsistencies indicate the presence of an empirical gap that warrants further investigation, particularly concerning the psychological mechanisms that explain how knowledge and creativity influence entrepreneurial intention.

Several studies report a positive correlation between entrepreneurial knowledge and entrepreneurial intention; however, other findings demonstrate weaker or inconsistent effects across contexts and measurement instruments. These discrepancies may stem from differences in self-efficacy measurement (e.g., general self-efficacy versus entrepreneurial self-efficacy), variations in sample characteristics, and entrepreneurship learning designs that do not consistently target psychological mechanisms underlying intention formation. Therefore, this study positions entrepreneurial self-efficacy as a mediating mechanism that explains how knowledge and creativity contribute to students' entrepreneurial intention.

Based on this research gap, the present study aims to analyze the influence of entrepreneurial knowledge and individual creativity on students' entrepreneurial intention, with self-efficacy serving as an intervening variable. This research is expected to provide a more comprehensive understanding of the roles of cognitive, creative, and psychological factors in shaping entrepreneurial intention among university students. In addition to contributing empirically to the development of entrepreneurial behavior theory, the findings are expected to serve as a foundation for improving entrepreneurship curricula and instructional strategies in higher education, as well as informing policies aimed at increasing the number of young entrepreneurs in Indonesia.

II. METHOD

This study employed a quantitative approach with a causal associative research design aimed at examining the relationships and causal effects among variables based on a predefined conceptual model. This design was selected to enable empirical testing of the mediating role of self-efficacy in the relationship between entrepreneurial knowledge, individual creativity, and students' entrepreneurial intention. The population of this study consisted of all students from the Management Study Program, Faculty of Business and Economics, Universitas Islam Indonesia, cohort 2021. This cohort was chosen because students at this level had generally completed entrepreneurship courses and had been exposed to business-based learning activities or entrepreneurial project experiences within the university environment.

The sampling technique applied was purposive sampling, which involves selecting respondents based on specific criteria aligned with the research objectives. The inclusion criteria were: (1) active students of the 2021 cohort, (2) students who had completed an entrepreneurship course, and (3) students who voluntarily agreed to participate in the study. Based on these criteria, a total of 78 respondents were obtained as the research sample. Data were collected using a structured questionnaire measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The instrument was developed based on established theoretical indicators for each construct: entrepreneurial knowledge, individual creativity, self-efficacy, and entrepreneurial intention. To ensure content validity, the questionnaire items were reviewed and evaluated by experts in entrepreneurship and economics education to confirm their alignment with the underlying theoretical constructs.

Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS 4.0 software. This analytical technique was chosen due to its suitability for research models with relatively small sample sizes and complex relationships among latent variables, including mediation effects. The analysis was performed in two stages. First, the measurement model (outer model) was evaluated to assess convergent validity, discriminant validity, and construct reliability using factor loadings, Average Variance Extracted (AVE), and Composite Reliability (CR). Second, the structural model (inner model) was assessed to examine the relationships among latent variables through path coefficients, the coefficient of determination (R^2), and t-statistics obtained via bootstrapping procedures.

All statistical tests were conducted at a 5% significance level ($\alpha = 0.05$). The results were used to confirm the proposed hypotheses and to interpret both direct and indirect effects among variables, particularly the mediating role of self-efficacy in strengthening students' entrepreneurial intention.

III. RESULTS AND DISCUSSION

A. Results

The evaluation of the measurement model was conducted prior to hypothesis testing to ensure that the constructs met the required standards of validity and reliability. The results indicate that all reflective indicators achieved outer loading values exceeding 0.70, demonstrating strong indicator reliability. None of the items required elimination, as all loadings were statistically significant and met the recommended threshold. This confirms that each observed variable adequately represents its underlying latent construct. Convergent validity was further supported by the Average Variance Extracted (AVE) values, all of which were above the minimum criterion of 0.50. These results indicate that more than 50% of the variance in the indicators is explained by their respective constructs, satisfying the requirement for adequate convergent validity.

Discriminant validity was assessed using the Fornell–Larcker criterion and cross-loading examination. The square root of AVE for each construct was greater than its correlations with other constructs, confirming that each latent variable shares more variance with its own indicators than with other variables in the model. Additionally, indicator loadings on their intended constructs were higher than cross-loadings on other constructs, further supporting discriminant validity. Construct reliability was evaluated using Cronbach's Alpha and Composite Reliability (CR). All values exceeded the recommended threshold of 0.70, indicating satisfactory internal consistency. Composite Reliability values were also below 0.95, suggesting the absence of multicollinearity or item redundancy. Overall, these findings confirm that the measurement model demonstrates adequate psychometric

properties and is suitable for structural model assessment.

Following confirmation of the measurement model, the structural model (inner model) was evaluated. The bootstrapping procedure with 5,000 resamples was conducted to examine the significance of path coefficients. The results reveal that all hypothesized relationships are statistically significant at the 5% level ($p < 0.05$). Entrepreneurial knowledge has a positive and significant effect on self-efficacy, indicating that increased mastery of entrepreneurial concepts enhances students' confidence in their entrepreneurial capabilities. Entrepreneurial knowledge also significantly influences entrepreneurial intention, suggesting that cognitive preparedness directly contributes to the formation of entrepreneurial goals.

Similarly, individual creativity exerts a positive and significant influence on self-efficacy. This implies that students who perceive themselves as creative are more confident in their ability to develop innovative solutions and manage business challenges. Creativity also directly and significantly affects entrepreneurial intention, demonstrating that innovative thinking stimulates the desire to initiate business ventures.

Self-efficacy, in turn, has a positive and significant effect on entrepreneurial intention, confirming its role as a proximal determinant of entrepreneurial behavior. Students who believe in their capability to successfully perform entrepreneurial tasks are more likely to develop strong entrepreneurial intentions. The mediation analysis indicates that self-efficacy significantly mediates the relationship between entrepreneurial knowledge and entrepreneurial intention, as well as between individual creativity and entrepreneurial intention. The indirect effects are statistically significant, confirming the presence of partial mediation. This finding suggests that while knowledge and creativity directly influence entrepreneurial intention, their effects are strengthened when students possess higher levels of entrepreneurial self-efficacy.

The coefficient of determination (R^2) for entrepreneurial intention is 0.645, indicating that 64.5% of the variance in entrepreneurial intention is explained by entrepreneurial knowledge, individual creativity, and self-efficacy. According to established PLS-SEM criteria, this value reflects substantial explanatory power. Meanwhile, the R^2 value for self-efficacy indicates that a meaningful proportion of its variance is explained by entrepreneurial knowledge and individual creativity, confirming the structural coherence of the model. To further assess predictive relevance, the Stone–Geisser's Q^2 value was examined using the blindfolding procedure. The Q^2 values were greater than zero, indicating that the model has adequate predictive relevance for endogenous constructs. Overall, the structural model demonstrates satisfactory explanatory and predictive capability. The findings provide empirical support for the proposed conceptual framework, highlighting that entrepreneurial knowledge and creativity are important antecedents of entrepreneurial intention, both directly and indirectly through self-efficacy. These results strengthen the argument that cognitive and creative resources must be accompanied by psychological readiness in order to effectively foster entrepreneurial intention among university students.

B. Discussion

The findings confirm that self-efficacy plays a central role in explaining the relationship between entrepreneurial knowledge, individual creativity, and students' entrepreneurial intentions. This result is consistent with Social Cognitive Theory proposed by Bandura (2011), which emphasizes that human behavior is shaped not only by environmental and cognitive factors but also by individuals' beliefs in their capability to perform actions effectively. Students with high self-efficacy tend to demonstrate stronger confidence in overcoming obstacles, taking risks, and identifying new business opportunities. In the entrepreneurial context, self-efficacy reflects an individual's belief in their competence to perform entrepreneurial roles successfully.

The analysis further indicates that entrepreneurial knowledge significantly influences both self-efficacy and entrepreneurial intention. This finding supports Mustofa et al. (2019), who argue that entrepreneurship education enhances students' readiness, courage, and interest in initiating business ventures. The greater students' understanding of business concepts, risk management, and marketing strategies, the stronger their belief in their ability to apply such knowledge in practical settings. Thus, entrepreneurial knowledge not only broadens cognitive understanding but also reinforces psychological readiness to engage in entrepreneurial activities.

In addition, individual creativity is found to significantly affect both self-efficacy and entrepreneurial intention. This result aligns with studies by Mahanani et al. (2018) and Elen et al. (2018), which highlight creativity as a key driver of innovation and opportunity recognition. Creative individuals tend to exhibit cognitive flexibility, generate alternative problem-solving strategies, and demonstrate heightened sensitivity to market needs. In the student context, creativity facilitates the development of unique and competitive business ideas, thereby strengthening confidence in transforming ideas into viable ventures.

The mediating role of self-efficacy clarifies the psychological mechanism through which knowledge and creativity translate into entrepreneurial intention. This finding corroborates Zhao et al. (2005) and Newman et al. (2019), who identify self-efficacy as a critical pathway linking cognitive factors to entrepreneurial behavior. In essence, students with high levels of knowledge and creativity are more likely to develop entrepreneurial intentions when they also possess strong confidence in their ability to succeed. Without sufficient self-efficacy, knowledge and creativity may remain latent potential rather than manifesting as entrepreneurial action.

Furthermore, these findings are consistent with the Theory of Planned Behavior (Ajzen, 1991), which

posits that behavioral intention is influenced by attitude toward the behavior, subjective norms, and perceived behavioral control. Self-efficacy is conceptually related to perceived behavioral control, as both reflect an individual's belief in their ability to perform a particular action. Strengthening self-efficacy through entrepreneurship education may therefore enhance entrepreneurial intention by increasing students' perception of control over entrepreneurial outcomes.

Overall, this study underscores that entrepreneurship development efforts in higher education should extend beyond theoretical knowledge acquisition. The formation of strong entrepreneurial intention requires the integration of conceptual understanding, psychological resilience, and creative thinking ability. Accordingly, universities should incorporate project-based learning, business simulations, and entrepreneurial incubator programs that provide experiential learning opportunities. Such approaches not only enhance technical competence but also foster self-efficacy and confidence necessary for sustainable entrepreneurial engagement.

IV. CONCLUSION

This study concludes that entrepreneurial knowledge and individual creativity are positively associated with students' entrepreneurial intention, both directly and indirectly through entrepreneurial self-efficacy as a mediating mechanism. These findings are consistent with theoretical frameworks that position self-efficacy as a central driver of entrepreneurial behavioral intention. Using the PLS-SEM approach, the proposed model explains 64.5% of the variance in entrepreneurial intention (R^2 = 0.645), indicating substantial explanatory power within the context of the study sample. This result demonstrates that the integration of cognitive (entrepreneurial knowledge), creative (individual creativity), and psychological (self-efficacy) factors provides a robust framework for understanding the formation of entrepreneurial intention among university students. Substantively, the findings highlight that increasing entrepreneurial intention cannot rely solely on knowledge transfer or creativity stimulation. Rather, it requires strengthening students' belief in their entrepreneurial capabilities (self-efficacy), which serves as a critical bridge transforming knowledge and creativity into a concrete intention to initiate business ventures. Therefore, entrepreneurship education initiatives should systematically integrate psychological empowerment strategies alongside cognitive and skill-based learning components to foster sustainable entrepreneurial intention.

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