

Self-Leadership and Self-Efficacy in Relation to Entrepreneurial Decision Making

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Abstract: Although decision-making can be done by everyone, not everyone can make their own decisions correctly. In addition, in a rapidly changing global context, decision-making often occurs in complex and ambiguous situations. As an entrepreneur, it is basically related to risk taking, every decision made certainly poses a risk, even if it is small. Psychological factors in the decision-making process have a very large contribution. The population in this study were business actors who run businesses in Surabaya totaling 120 people who are members of the UMKM community at APMINDO as an association of micro and medium UMKM. The results of the hypothesis test analyzed using linear regression analysis in this study are that there is an influence of self-leadership and self-efficacy with entrepreneurial decision making, the F value is 206.200 ($p < 0.01$), so the hypothesis is accepted, namely there is an influence of self-leadership and self-efficacy with entrepreneurial decision making. The effective contribution of self-leadership and self-efficacy in predicting entrepreneurial decision making is 62.1% while the remaining 37.9% is influenced by other factors not examined in this study.

Keywords: Work engagement, self-leadership, work satisfaction

1. Introduction

One of the efforts to reduce unemployment as a pillar of the nation's economy is the formation of MSMEs as a form of effort to expand employment opportunities, earn a living, encourage economic growth, and maintain national stability. So that MSMEs have a major contribution in reducing unemployment in Indonesia, based on data from the Ministry of Cooperatives, Indonesia has 65.5 million MSMEs from all business units (Suhayati, 2023). The success of a business, both small and large, will depend on strategic decision-making practices to successfully dominate the market (Aulia, 2020). In addition, we also need to be calm because with this calm, humans can think calmly and clearly so that they can make the right decisions (Kurniasari, 2012). Although decision-making can be done by everyone, not everyone can make their own decisions correctly. In addition, in a rapidly changing global context, decision-making often occurs in complex and ambiguous situations (Vasilecu, 2015). Decision-making skills are activities that are always carried out in human life. Every individual must have made a decision, from simple decisions to quite complex decisions. In psychology, the dynamics of decision-making are explained by the theory of expected utility based on the assumption that individuals are basically rational. If an individual has all the relevant information, the individual will make a decision that produces the maximum expected utility, where utility refers to the results in achieving goals (Liu, 2023).

The goal of humans is to seek pleasure and avoid pain. According to this theory, in making decisions people will try to maximize pleasure (referred to as positive utility) and to minimize pain (referred to as negative utility). Decision-making is the process of ending the thought process about a problem by determining one choice that is considered the most accurate from several alternative choices in order to achieve the desired goal (Satar & Yusri, 2019). This phenomenon was also found by researchers in the field according to the results of a preliminary study conducted on July 12, 2024, on 8 entrepreneurs who were members of the MSME community in Surabaya who said that they had difficulty in making business decisions, because they felt hesitant about things that had been considered so that the decision was not solid so that they often made mistakes in making decisions. Entrepreneurs said they did not have a strong motivation as a basis for being able to make good decisions, because the business they were doing was allowed to flow as it was. The many references that could be used as considerations in risk management actually made entrepreneurs feel confused in their efforts to avoid the worst consequences of the decisions to be taken so that considering the existing risks for too

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long made entrepreneurs feel like they were running out of time and ultimately made suboptimal decisions. The majority of entrepreneurs admitted that they were not sure about the decision options that had been made so that when determining the final decision, it ended with full of doubt. Some entrepreneurs even felt anxious when faced with conditions that demanded them to make decisions, finding it difficult to be calm in making decisions. Based on preliminary studies, it can be concluded that entrepreneurs tend to have low decision-making abilities.

As an entrepreneur, it is basically related to risk taking, every decision made certainly poses a risk, even if it is small. Psychological factors in the decision-making process have a very large contribution (Yani, 2024). Effective decision making in the context of entrepreneurship requires careful thinking, in-depth analysis and a good understanding of the individual's long-term goals and interests as well as the factors that influence the success of the business (Reymen et al., 2015). So it is expected that as an entrepreneur, individuals must have good decision-making skills to minimize the many unwanted risks in running a business with uncertainty.

Individuals make a decision to solve a problem and achieve certain goals. The demands of decisions that must be taken by individuals can sometimes cause confusion for the individual and not infrequently those who make decisions in a hurry so that the results of the decision are not in accordance with or are influenced by the wishes of others. This shows that the low decision-making skills possessed by individuals can increase the chances of others influencing decision making without taking responsibility for the decisions taken (Khoirunnisa & Mulyana, 2023).

Every success, opportunity, misfortune, and other things that happen in an organization, whether large or small, are the result of decisions made by someone, whether successful or failed. The decision-making process is very important considering that the results of the decision determine what the organization's wheels will be like in the future and the assumptions of good and effective decisions reflect the performance and success of an organization (Aulia, 2020). MSME decision-making is also considered different from decisions in a large company, because MSME actors have many limitations that are not yet structured, in contrast to large companies where the managerial system is good and the model or style of decision-making has been provided to the leaders of the company, so that decision-making in MSME actors is a challenge in itself to build a modern economy today (Hapsari & Salima, 2023). The birth of a decision does not necessarily take place simply like that, because a decision is always born based on a process that takes time, energy and thought until finally a crystallization occurs and the decision is born. The moment of decision making is when we fully choose control in acting, while the moment of uncertain events is when something outside of ourselves determines what will happen, meaning control beyond our ability. Furthermore, what is considered important is the accountability of the decision itself to the interested parties (Prastyawan & Lestari, 2020). Based on the description above, it can be concluded that self-leadership and self-efficacy tend to be related to entrepreneurial decision making.

1.1 Methodology

1.1.1 Population and Sample

The population in this study were business actors who run businesses in Surabaya totaling 120 people who are members of the UMKM community at APMINDO as an association of micro and medium UMKM. The sample was determined using the simple random sampling technique. According to Azwar (2019) simple random sampling is a sampling technique by providing equal opportunities for all members of the population to become samples and is determined by event, for example by a lottery system. The sample size was determined based on the Isaac and Michael Table in Sugiyono (2016) that the population size was 120 with a level of error/significance of 1% or 0.01, so the number of samples taken was 102 people.

1.1.2 Research Instrument

The data collection method used a scale with a Likert scale type consisting of 4 answer options. These statements are favorable and unfavorable. To show the score on the scale, the assessment norms for the answers are set as follows:

Table 1. Scoring System on Scale

Answer	Favorable	Unfavorable
Very Suitable (VS)	4	1
Suitable (S)	3	2
Not Suitable (NS)	2	3
Very Unsuitable (VU)	1	4

1.2 Variable Entrepreneurial Decision Making

Before being used in the study, the entrepreneurial decision-making scale will be tested first. Based on the results of the trial on 30 subjects with a difference value of > 0.3 , it is known that in the first round of 24 items of the entrepreneurial decision-making scale, there were 2 items that were dropped, namely number 6 with a value of 0.141 and number 11 with a value of 0.198. The results of the Cronbach's Alpha reliability test were $0.902 > 0.6$, meaning that the

entrepreneurial decision-making scale is reliable. In the second round of the 22 items, there were no more drops and the Cronbach's Alpha reliability test was $0.973 > 0.6$, meaning that the entrepreneurial decision-making scale is reliable.

1.3 Variable Self-Leadership

Based on the results of the trial on 30 subjects with a value of discriminatory power > 0.3 , it is known that out of 49 items of the self-leadership scale, there are 8 items that are dropped, namely numbers 5, 10, 13, 18, 22, 25, 43 and 46. The results of the Cronbach's Alpha reliability test are $0.908 > 0.6$, meaning that the self-leadership scale is reliable. In the second round, the 41 items were clean and valid without any being dropped and the Cronbach's Alpha value was $0.948 > 0.6$, meaning that the self-leadership scale is reliable.

1.4 Variable Self-Efficacy

Based on the trial results involving 30 subjects with a discrimination index value greater than 0.3, it was found that all 6 items on the self-efficacy scale were valid, with none being eliminated. The reliability test using Cronbach's Alpha yielded a value of 0.892, which is greater than 0.6, indicating that the self-efficacy scale is reliable.

2. Results & Discussion

The summary of hypothetical and empirical data can be seen in the following table:

Variable	Data Hypothetic				Data Empiric			
	Min	Maks	Mean	SD	Min	Maks	Mean	SD
Y	22	88	55	10	36	84	60	8
X1	41	164	112,5	20,5	58	119	88,5	10,1
X2	6	24	21	18	8	24	8	1

The categorization results of each variable are described as follows:

- Entrepreneurial Decision Making Categorization**
Entrepreneurial decision making in the low category is 26 (25.5%), medium category is 59 (57.8%) and high category is 17 (16.7%). It can be concluded that entrepreneurial decision making is in the medium category.
- Self-Leadership Categorization**
Self-leadership in the low category is 52 (20.3%), medium category is 121 (46.8%) and high category is 85 (32.9%). It can be concluded that self-leadership is in the medium category.
- Self-Efficacy Categorization**
Self-efficacy in the low category is 31 (30.4%), medium category is 71 (69.6%) and high category is 0 (0%). It can be concluded that self-efficacy is in the medium category.
- Self Leadership Categorization**
Self-leadership in the low category is 42 (41.2%), the medium category is 39 (35.3%) and the high category is 21 (23.5%). It can be concluded that self-leadership is in the low category.

The results of the hypothesis test analyzed using linear regression analysis in this study are that there is an influence of self-leadership and self-efficacy with entrepreneurial decision making, the F value is 206.200 ($p < 0.01$), so the hypothesis is accepted, namely there is an influence of self-leadership and self-efficacy with entrepreneurial decision making. The effective contribution of self-leadership and self-efficacy in predicting entrepreneurial decision making is 62.1% while the remaining 37.9% is influenced by other factors not examined in this study. The respective contributions are self-leadership with entrepreneurial decision making of 48.2% and the contribution of the self-efficacy variable with entrepreneurial decision making of 40.6%.

3. Discussion

There is a joint relationship between self-leadership and self-efficacy with entrepreneurial decision making in entrepreneurs. Proven by a correlation value of 0.871 ($p < 0.01$) this means that the first hypothesis is accepted.

The acceptance of this first hypothesis is in line with the opinion of Haris (2012) that the individual's personal factors in decision making are self-leadership and self-efficacy. This means that if an individual has good self-leadership skills and at the same time high self-efficacy, then the individual tends to have good entrepreneurial decision making skills as well. Decision-making skills are activities that are always carried out in human life. Every individual must have made a decision, from simple decisions to quite complex decisions. Individuals make a decision to solve a problem and achieve certain goals.

In psychology, the dynamics of decision making are explained by the theory of expected utility based on the assumption that individuals are basically rational. If an individual has all the relevant information, the individual will make a decision that produces the maximum expected utility, where utility refers to the results in achieving goals (Liu,

2023). The goal of humans is to seek pleasure and avoid pain. According to this theory, in making decisions people will try to maximize pleasure (called positive utility) to minimize pain (called negative utility).

Komalasari & Banna (2023) stated that leadership and self-efficacy that go hand in hand greatly contribute to performance, where individuals with good performance certainly also have good decision-making skills. The decision-making process is very important considering that the results of the decision determine what the organization's wheels will be like in the future and the assumptions of good and effective decisions reflect the performance and success of an organization (Aulia, 2020).

4. Conclusion

Based on the results of the research and discussion, it can be concluded that the hypothesis in this study is accepted. As for suggestions for entrepreneurs, based on the results of the study, it was found that the categorization of self-leadership was in the low category and self-efficacy was in the medium category. So it is hoped that entrepreneurs will try to hone their self-leadership skills and increase their self-efficacy, for example by taking training or learning independently so that their decision-making abilities in business are maximized. For further researchers, it is hoped that further researchers can conduct research on variables that have not been studied in this study and if further researchers will continue or develop this research, it is hoped that they can conduct research that provides interventions to subjects such as experimental research so that the impact of the research can be felt directly by respondents and related organizations.

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Conflict of Interest

The authors declare no conflicts of interest.

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