

 Journal of Management and Business Innovation (JOMBINOV) https://v-learnov.com/index.php/jombinov Volume: 02 Number: 03 Page: 287-300 ISSN: 3123-6464 (Online)	The Role of Innovative Work Behavior in Generation Z's Interest in Entrepreneurship: The Mediating Effect of Entrepreneurial Self-Efficacy on MSME Workers in Makassar City Ikshan Bakri^{1*}, Mulyati², Sulaiman Idris³ ¹⁻³ Department of Business administration, Makasar Islamic University, Indonesia
Article History: Received: 02 August 2026 Revised: 27 August 2026 Accepted: 02 September 2026 Corresponding Author: Ikshan Bakri Corresponding E-mail: ikshan.bakri@uim.ac.id	Abstract: Research Aims: This study examines how innovative work behavior affects entrepreneurial intention among Generation Z employees at micro, small, and medium enterprises (MSMEs) in Makassar. Entrepreneurial self-efficacy serves as the mediating variable. Methodology: The study used a quantitative, explanatory, cross-sectional design. Purposive sampling yielded 200 Gen Z MSME employees as respondents. PLS-SEM in SmartPLS 4.1 handled the analysis, and mediation was tested through Zhao, Lynch, and Chen's (2010) procedure. Research findings: Innovative work behavior significantly affects both entrepreneurial self-efficacy and entrepreneurial intention. Self-efficacy, in turn, significantly affects intention. Self-efficacy partially and complementarily mediates the relationship between innovative work behavior and intention, accounting for 58% of the total effect. Theoretical Contribution/Originality: This study links three theories, self-efficacy theory, Social Cognitive Career Theory, and the Theory of Planned Behavior, into one explanatory chain. It clarifies the tension between mastery-experience and job-embeddedness pathways. It also extends innovative work behavior research into individual entrepreneurial pathways, a direction largely unexplored in Eastern Indonesian MSME settings. Practitioners/Policy Implications: MSME owners should formalize channels for realizing employees' ideas. Policymakers should design retention programs that support innovative young talent. Entrepreneurship educators should embed practical, innovation-focused work experience into their curricula. Research Limitations/Implications: Five factors limit generalizability: the cross-sectional design, single-source self-report data, purposive sampling, the single-mediator model, and the single-city context. Job embeddedness was interpreted conceptually rather than tested empirically. Future research should adopt a longitudinal, multi-city design to address these gaps. Keywords: Innovative Work Behavior, Entrepreneurial Self-Confidence, Entrepreneurial Intention, Generation-Z, Entrepreneurship, Makasar City.
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INTRODUCTION

Generation Z is now the largest age group in Indonesia's demographic structure. Data from the Central Statistics Agency (2025) shows that their numbers have reached 74.93 million, accounting for 27.94% of Indonesia's total population, and they are beginning to enter the **Journal of Management and Business Innovation (JOMBINOV) Volume 02, NO 03, September 2026.**

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workforce on a large scale. A similar trend is evident globally: Generation Z's share of the global workforce is projected to reach 27% by 2026. Lopes et al. (2024) note that 62% of this generation prefers to start their own businesses rather than pursue careers in established organizations. A similar phenomenon is emerging in Bangladesh, where Generation Z students demonstrate a high entrepreneurial intent, although limited capital and business networks remain significant barriers (Hossain et al., 2023). This high entrepreneurial intent, however, has not yet been matched by equivalent work competencies. Alarifi and Adam (2023) found that employees' innovative work behaviors serve as a distinguishing factor between SMEs that survive and those that fail when facing crises or competitive pressures. This study explores the gap between Generation Z's entrepreneurial intent and their innovative capacity in daily work practices, focusing on MSME workers in Makassar.

The Makassar City Cooperative and SME Agency recorded 31,423 business operators spread across 15 subdistricts in 2024, with the culinary sector as the largest contributor. The South Sulawesi Provincial Central Statistics Agency (2025) reported that the accommodation and food and beverage sectors experienced the highest workforce growth in the province. On the other hand, the open unemployment rate for high school graduates still stands at 9.74%, with a concentration in urban areas of 6.08%. This situation indicates that while Makassar's culinary sector does absorb a significant number of workers, it has not yet become the primary formal pathway for young graduates. Riwu et al. (2026) identified a consistent pattern among a number of business owners: they assign Generation Z employees the task of managing social media content and monitoring product trends, but the final decision to adopt an idea remains in the hands of the owners, so employees' ideas often stop at the proposal stage. These findings show that Generation Z is, in fact, already performing innovative functions in the daily operations of MSMEs. The question is, is this experience sufficient to encourage them to start their own businesses?

Flocco et al. (2022) show that innovation decisions are traditionally centralized at the top management level, while employees—who are actually the ones generating ideas—are excluded from the decision-making process. This centralization is even more pronounced in small and medium-sized enterprises (SMEs) because authority rests almost entirely with a single owner. Gulia et al. (2025) confirm this finding: owners' or managers' perceptions of innovation risk are a consistently emerging barrier across various studies of SMEs, ranging from Southeast Asia to Sub-Saharan Africa to Eastern Europe. A similar pattern occurs in Makassar's culinary SMEs. Generation Z employees generate ideas, but their adoption depends on the owner's willingness to bear the risks of change. Repeated rejection of employees' ideas leads to two consequences well-documented in the literature. First, SMEs lose their internal innovation capacity. Second, employees whose ideas are consistently ignored tend to shift toward independent entrepreneurship. A remaining research gap is how the experience of having ideas rejected shapes Generation Z employees' entrepreneurial intentions specifically within the context of Makassar's culinary SMEs—a causal pathway that has not yet been empirically explored.

This gap consists of two interrelated layers: a theoretical gap and an empirical gap. The Bandura-SCCT model underlying this study predicts that the experience of engaging in innovative work behavior strengthens employees' self-efficacy, thereby fostering entrepreneurial intent. This prediction conflicts with the logic of job embeddedness, which states the exact

opposite: employees who are highly valued by the organization tend to become more embedded and reluctant to leave their jobs. Li and Chen (2022) empirically demonstrated this tension. Entrepreneurial self-confidence does indeed drive employees' intention to leave and start their own business, but this effect weakens among employees with high job embeddedness. In other words, the strength of the relationship between self-confidence derived from work experience and entrepreneurial intention depends on how strongly employees are attached to their current jobs. Generation Z workers in MSMEs present a different context from the samples in those studies. Informal employment status and short contract durations result in their job embeddedness being, on average, lower than that of permanent employees in formal companies. It is this difference in context that makes it necessary to directly test the mediating role of entrepreneurial self-efficacy in this population, rather than assuming it is the same as findings from long-term formal work environments.

The second gap is both contextual and methodological. Studies on innovative work behavior and entrepreneurial intent have been conducted in Bangladesh (Hossain et al., 2023), Vietnam (Nguyen & Petchsawang, 2024), and among MSMEs in Turkey and Europe (Maden Eyiusta & Esen, 2025). However, none of these studies took place in the context of SMEs in Eastern Indonesia, a region with distinctive characteristics: business ownership is predominantly family-based, Generation Z workers are employed under short-term informal contracts, and employee turnover rates far exceed the average for the formal sector. In terms of methodology, the samples in these studies almost exclusively consisted of permanent employees at medium-to-large companies. A mediation design incorporating the variable of entrepreneurial self-efficacy among non-permanent SME workers has never been specifically tested. This situation raises two empirical questions. First, does the "mastery experience" pathway in the formation of self-efficacy apply equally to workers with low job commitment? Second, what factors drive young MSME workers in Makassar to choose entrepreneurship rather than remain in their current jobs? Without testing this population, the mechanisms linking innovative behavior to entrepreneurial intentions in the context of Makassar's MSMEs cannot yet be empirically explained.

This study examines the effect of innovative work behavior on the entrepreneurial interest of Generation Z individuals working in MSMEs in Makassar, with entrepreneurial self-efficacy serving as a mediator. Three hypotheses were tested in this study. First, innovative work behavior enhances entrepreneurial self-efficacy. Second, entrepreneurial self-efficacy fosters entrepreneurial interest. Third, entrepreneurial self-efficacy mediates the relationship between innovative work behavior and entrepreneurial interest. Focusing on this mediation allows for the identification of the psychological mechanisms linking innovative work experiences in MSMEs to young employees' decisions to start their own businesses—a pathway that has not yet been empirically tested in this context.

METHODS

This study employs an explanatory quantitative approach to examine the causal relationship between innovative work behavior, entrepreneurial self-confidence, and entrepreneurial interest among Generation Z employees in MSMEs in Makassar. The study design is cross-sectional. Data were collected at a single point in time through a survey of respondents who met the established criteria (Hair et al., 2019).

Data analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM). This choice was based on three considerations. First, the research model is predictive-exploratory: the mediating relationship between innovative work behavior, entrepreneurial self-efficacy, and entrepreneurial interest has never been empirically tested in the context of SMEs in Eastern Indonesia; therefore, the analysis focuses more on prediction and developing understanding rather than strictly confirming an established model (Hair et al., 2019). Second, PLS-SEM does not require strict assumptions of multivariate data normality, a condition that is more realistic for social survey data on the SME workforce population. Third, PLS-SEM is suitable for medium-sized samples with model complexity involving mediator variables, as recommended by Hair et al. (2022) for studies testing hierarchical structural paths. All constructs in this study are treated as reflective constructs.

The population of this study consists of Generation Z employees working at micro, small, and medium-sized enterprises (MSMEs) in Makassar. The population is limited to employees aged 18–27 who have worked for at least six months at their current MSME and are directly involved in operational activities, rather than serving as business owners. The minimum employment period of six months was set to ensure that respondents had completed their orientation period and had sufficient experience to assess their involvement in innovative work behaviors.

An official sampling frame covering all Generation Z employees at 31,423 MSMEs in Makassar City is not yet available (Makassar City Cooperative and MSME Office, 2024). This study therefore employs non-probability sampling using a purposive sampling technique, which involves selecting respondents based on predetermined population criteria. The sample size is based on the rule of ten times the number of the most structural paths leading to a single construct (Hair, Risher, Sarstedt, & Ringle, 2019). The construct of entrepreneurial interest has two paths, so the minimum sample size is 20 respondents. This study set a target of 200 respondents to obtain more stable PLS-SEM estimates. The number of indicators and structural paths for each construct is described in the operational definitions section.

This study involves three main variables. Innovative work behavior is defined as employees' involvement in creating, promoting, and implementing new ideas that benefit the organization. This variable is measured using nine items from Janssen (2000) that cover three stages—idea creation, promotion, and implementation—using a five-point Likert scale. Entrepreneurial Self-Efficacy refers to an individual's belief in their ability to perform tasks related to establishing and managing a business. An adapted instrument from McGee, Peterson, Mueller, and Sequeira (2009) was used to measure this variable, covering four aspects: opportunity seeking, planning, resource mobilization, and business implementation, using a five-point Likert scale. Entrepreneurial Intention is an individual's tendency to commit to starting and running a business in the future. This variable was measured using six items from the Entrepreneurial Intention Questionnaire (Liñán & Chen, 2009), also employing a five-point Likert scale. All three instruments underwent a back-translation process and readability testing before being adapted into Indonesian and used in the main data collection.

Primary data was collected through a structured questionnaire distributed directly to potential respondents at a number of culinary, fashion, and creative MSMEs in Makassar. This distribution was supported by an online Google Form link to reach MSMEs spread across various

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subdistricts. Each potential respondent answered three screening questions before filling out the main questionnaire to ensure they met the population criteria: aged 18 to 27, employed as a worker (not a business owner), and having worked for at least six months at the SME where they are currently employed. Potential respondents who did not meet any one of these three criteria were excluded from the process before reaching the main questionnaire.

The validity and reliability of the research instruments were tested through an outer model evaluation in PLS-SEM before hypothesis testing was conducted. Convergent validity was assessed based on two indicators: outer loading (>0.7) and Average Variance Extracted (AVE) (>0.5) (Hair, Risher, Sarstedt, & Ringle, 2019). Indicators with outer loadings below these thresholds may be eliminated, provided that their removal increases the AVE value without compromising the content validity of the instruments.

Discriminant validity was tested using the Heterotrait-Monotrait Ratio (HTMT). Henseler, Ringle, and Sarstedt (2015) recommend this criterion because it is more sensitive than the Fornell-Larcker criterion in detecting discriminant validity issues. An HTMT value below 0.90 indicates that innovative work behavior, entrepreneurial self-confidence, and entrepreneurial interest are three distinct constructs. Reliability was tested using Cronbach's Alpha and Composite Reliability, with a minimum value of 0.7 as the criterion for acceptability (Hair et al., 2019). The data were further analyzed according to the applicable analytical techniques after the instrument was deemed valid and reliable.

Data analysis was conducted using SmartPLS 4.1. After the measurement model was confirmed to be valid and reliable, the structural model was evaluated using R^2 to assess the model's explanatory power, Q^2 to measure predictive relevance, and f^2 to assess the relative contribution of each structural path.

Hypothesis testing was performed using bootstrapping of 5,000 subsamples, with relationships deemed significant if the t-statistic was >1.96 at a 5% significance level. The mediating effect of entrepreneurial self-efficacy was tested based on the procedure by Zhao, Lynch, and Chen (2010), which simultaneously considers direct and indirect effects. This approach classifies mediation more accurately than the Baron and Kenny approach, which has limitations in detecting complex indirect effects.

RESULT

Respondent Characteristic

Of the 200 questionnaires that met the screening criteria and were deemed complete, the characteristics of the respondents are presented in Table 1.

Table 1. Respondent Characteristic

Characteristic	Category	Frequency	Percentage
Gender	Female	118	59%
	Male	82	41%
Age	18–21 years	76	38%
	22–24 years	84	42%
	25–27 years	40	20%
Type of MSME	Culinary/F&B	96	48%
	Fashion	54	27%
	Creative/Other (crafts, design services, etc.)	50	25%
Length of Employment	6–12 months	88	44%

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1–2 years	76	38%
More than 2 years	36	18%

Source: Processed Primary Data, 2026.

Of the 200 questionnaires that met the screening criteria and were deemed complete, the characteristics of the respondents are presented in Table 1; the majority of respondents were female (59%) and were in the 22–24 age range (42%). In terms of business sector, nearly half of the respondents worked in food-related MSMEs (48%), consistent with the characteristics of MSMEs in Makassar, which are indeed dominated by this sector, as described in the background section. Most respondents (82%) have been employed for more than six months up to two years—a sufficient timeframe for them to reflectively assess the innovative work behaviors they exhibit at their current workplace.

Evaluation of the Measurement Model (Outer Model)

All items in the three constructs met the outer loading threshold of above 0.70, so no items needed to be eliminated from the model. The AVE values for all three constructs were also above 0.50, confirming adequate convergent validity. In terms of reliability, the Cronbach's Alpha and Composite Reliability values for all constructs were above 0.87, far exceeding the minimum threshold of 0.70, indicating strong internal consistency across all three instruments.

Table 2. Convergent Validity and Reliability

Construct	Items	Loading Range	AVE	Cronbach's Alpha	Composite Reliability
Innovative Work Behavior	9	0.71–0.86	0.612	0.887	0.911
Entrepreneurial Self-Efficacy	8	0.73–0.88	0.627	0.901	0.919
Entrepreneurial Intention	6	0.75–0.90	0.658	0.876	0.905

Source: SEM PLS Output, 2026.

In the discriminant validity test, all HTMT values across constructs were below the 0.90 threshold, with the highest value observed for the pair of entrepreneurial self-confidence and interest in entrepreneurship (0.671).

Table 3. Discriminant Validity (HTMT)

Construct	IWB	ESE	EI
Innovative Work Behavior (IWB)	—		
Entrepreneurial Self-Efficacy (ESE)	0.612	—	
Entrepreneurial Intention (EI)	0.548	0.671	—

Source: SEM PLS Output, 2026.

The results of these tests indicate that the two constructs are indeed closely correlated conceptually, as predicted by the research theoretical framework, but are still empirically distinct constructs.

Evaluation of the Structural Model (Inner Model)

The R^2 value indicates that innovative work behavior explains 40.9% of the variance in entrepreneurial self-confidence. Innovative work behavior and entrepreneurial self-confidence together explain 51.2% of the variance in entrepreneurial interest. According to the guidelines by Hair et al. (2019), both of these values fall into the moderate-to-substantial category.

The Q^2 values for both endogenous constructs are above zero and are considered large. These results confirm that the model has good predictive validity, rather than merely statistical fit.

Table 4. Structural Model Evaluation

Endogenous Construct	R ²	Category	Q ²	Predictive Relevance
Entrepreneurial Self-Efficacy	0.409	Moderate	0.352	Large
Entrepreneurial Intention	0.512	Moderate-Substantial	0.398	Large

Source: SEM PLS Output, 2026.

In terms of effect size (f^2), the path from innovative work behavior to entrepreneurial self-confidence showed the largest contribution to the model ($f^2 = 0.692$). This figure far exceeds the contribution of the direct path from innovative work behavior to entrepreneurial interest ($f^2 = 0.086$). This pattern provides an initial indication that entrepreneurial self-confidence plays a much greater role in explaining the relationships among variables than direct effects alone. This pattern will be further tested through hypothesis testing and mediation analysis in the following section.

Table 5. Effect Size (f^2)

Structural Path	f^2	Category
IWB → Entrepreneurial Self-Efficacy	0.692	Large
Entrepreneurial Self-Efficacy → Entrepreneurial Intention	0.298	Medium
IWB → Entrepreneurial Intention (direct)	0.086	Small

Source: SEM PLS Output, 2026.

Hypothesis Testing

All three hypotheses tested directly were supported by the data. Innovative work behavior was found to have a positive and significant effect on entrepreneurial self-confidence ($\beta = 0.640$; $p < 0.001$). This path has the strongest coefficient among the three structural paths, consistent with the large effect size already identified in table 5.

Entrepreneurial self-confidence was also found to have a positive and significant effect on entrepreneurial interest ($\beta = 0.481$; $p < 0.001$). Innovative work behavior itself continues to have a significant direct effect on entrepreneurial interest ($\beta = 0.223$; $p = 0.002$), although with a much smaller coefficient compared to its effect on entrepreneurial self-confidence.

This pattern indicates two things simultaneously: a significant yet relatively weak direct effect, and a much stronger effect mediated by entrepreneurial self-confidence. Both patterns need to be explored further through a mediation test in the following section to determine the specific role played by entrepreneurial self-confidence in this relationship.

Table 6. Hypothesis Testing Results

Hypothesis	Path	β	t-statistic	p-value	Decision
H ₁	IWB → Entrepreneurial Self-Efficacy	0.640	14.212	0.000	Supported
H ₂	Entrepreneurial Self-Efficacy → Entrepreneurial Intention	0.481	8.847	0.000	Supported
H ₃	IWB → Entrepreneurial Intention (direct)	0.223	3.156	0.002	Supported

Bootstrapping with 5,000 subsamples; path significant at $t > 1.96$, $p < 0.05$.

Source: SEM PLS Output, 2026.

Mediation Analysis

The results of the mediation analysis indicate that the indirect effect of innovative work behavior on entrepreneurial interest via entrepreneurial self-confidence is positive and significant (coefficient 0.308; $p < 0.001$), with a bootstrap confidence interval that does not cross zero.

The direct effect of innovative work behavior on entrepreneurial interest, as reported in H3, remained significant after entrepreneurial self-confidence was included in the model. Zhao, Lynch, and Chen (2010) classify this condition—where both the direct and indirect effects are significant and in the same direction—as complementary partial mediation, rather than full mediation.

The Variance Accounted For (VAF) value of 58% indicates that more than half of the total effect of innovative work behavior on entrepreneurial interest is mediated through entrepreneurial self-confidence. The remainder is mediated through a direct path not explained by this mediator.

This finding directly addresses the gap highlighted in the background section. Entrepreneurial self-confidence does indeed play a crucial role in bridging innovative work experiences with entrepreneurial interest, but it is not the only pathway at work.

Table 7. Mediation Analysis Results

Effect	Coefficient	t-statistic	p-value	95% CI	Significant
Indirect: IWB → ESE → Entrepreneurial Intention	0.308	6.734	0.000	[0.221, 0.396]	Yes
Direct: IWB → Entrepreneurial Intention	0.223	3.156	0.002	[0.084, 0.361]	Yes
Total Effect	0.531	—	—	—	—
VAF (Variance Accounted For)	58.0%				

Source: SEM PLS Output, 2026.

DISCUSSION

Overall, the test results show that the four hypotheses in this study are supported by the data. Innovative work behavior was found to shape entrepreneurial self-confidence. This entrepreneurial self-confidence, in turn, drives entrepreneurial interest. Innovative work behavior also continues to have a direct effect on entrepreneurial interest, and entrepreneurial self-confidence was found to mediate the relationship between innovative work behavior and entrepreneurial interest in a complementary manner.

These findings directly address the questions posed in the study's purpose statement. The experience of engaging in innovative work behavior in MSMEs does indeed translate into entrepreneurial decisions, but the dominant pathway runs through the strengthening of self-confidence first, as indicated by the Variance Accounted For value of 58% in the mediation test. The following discussion elaborates on the significance of each finding in greater depth, beginning with the role of innovative work behavior in shaping entrepreneurial self-confidence.

Innovative Work Behavior and Entrepreneurial Self-Confidence

The positive and significant influence of innovative work behavior on entrepreneurial self-confidence ($\beta = 0.640$; $p < 0.001$) confirms the mechanism of enactive mastery experience proposed by Bandura (1997). Successfully carrying out an action directly-in this case, creating, promoting, and implementing ideas in the workplace-shapes a person's belief in their own abilities.

This finding aligns with Prihatsanti (2018), who identified a positive relationship between innovative behavior and entrepreneurial self-confidence among young people starting their own businesses. The key difference is that the previous study examined this relationship among individuals who were already aspiring entrepreneurs, whereas this study found the same pattern

among employees who may not have intended to become entrepreneurs prior to their work experience.

The strong correlation ($f^2 = 0.692$) is also consistent with Alarifi and Adam (2023), who identified innovative work behavior as a key determinant of performance and resilience in SMEs. Their study, however, measured the impact at the organizational level and did not address individual employees' self-confidence.

Innovative work behavior, therefore, has been shown to form psychological capital that employees carry beyond their current organization. This level of analysis was not covered in the study by Alarifi and Adam (2023) and serves as the basis for testing the influence of self-confidence on entrepreneurial interest.

Entrepreneurs' Self-Confidence and Their Interest in Entrepreneurship

Entrepreneurial self-confidence was also found to have a positive and significant effect on entrepreneurial interest ($\beta = 0.481$; $p < 0.001$). This finding aligns with the perceived behavioral control component in the Theory of Planned Behavior (Ajzen, 1991), which identifies belief in one's own abilities as one of the primary determinants of behavioral intention.

These results are also consistent with Li and Chen (2022), who found that entrepreneurial self-confidence drives employees' intentions to leave their jobs and start their own businesses. Their study examined this relationship among employees of large companies in China—a population with a work structure vastly different from that of MSME workers in Makassar. The convergence of findings across these two vastly different organizational contexts strengthens the argument that entrepreneurial self-confidence functions as a relatively universal psychological mechanism, independent of the scale or type of organization in which an individual works.

The coefficient in this study ($\beta = 0.481$) is relatively moderate compared to the findings reported by Lopes et al. (2024) regarding the influence of personality factors and self-confidence on sustained entrepreneurial behavior among Generation Z in general. This difference makes sense given that the respondents in this study were already active employees. Their considerations regarding entrepreneurship likely also took into account the stability of their current jobs, beyond self-confidence alone.

The Direct Effect of Innovative Work Behavior on Entrepreneurial Interest

Innovative work behavior continues to have a significant direct effect on entrepreneurial interest ($\beta = 0.223$; $p = 0.002$), although this effect is much weaker than the indirect effect via entrepreneurial self-confidence. This finding is a key point in addressing the theoretical tension raised in the research gap section. The question is whether innovative work behavior actually strengthens employees' job embeddedness—as found by Li and Chen (2022) among permanent employees in large companies—or whether it continues to foster entrepreneurial intent through a pathway independent of self-efficacy.

The results of this study lean toward the latter possibility. The characteristics of this study's population—MSME employees with informal employment status and relatively short tenure—indicate a structurally low level of job embeddedness. The retaining mechanisms identified by Li and Chen (2022) among permanent employees likely do not apply with the same strength to this population.

The remaining direct effect can also be explained through the experience of unrealized ideas, as outlined in the “phenomenon gap” section of the background. Employees who

repeatedly propose ideas that are not adopted by MSME owners (Flocco et al., 2022; Gulia et al., 2025) may be driven toward an interest in entrepreneurship due to frustration over the limited scope for experimentation in their current workplace. Such motivation operates independently of self-efficacy, which is measured through self-confidence.

The Mediating Role of Entrepreneurial Self-Efficacy

The results of the mediation analysis confirm that entrepreneurial self-confidence acts as a partial complementary mediator in the relationship between innovative work behavior and entrepreneurial interest, with the proportion of indirect influence reaching 58% of the total influence. These findings directly address three gaps in the literature identified in the research gaps section.

First, Palacios-Marqués et al. (2023) highlighted that the literature has not extensively explained the mechanisms linking innovative behavior in work relationships to the formation of entrepreneurial projects. This study fills that gap by identifying self-confidence as the mediating mechanism.

Second, this study expands the scope of Eyiusta and Esen (2025), which previously focused only on outcome variables at the organizational level. This study demonstrates that innovative work behavior in MSMEs also has implications for the individual career paths of their employees.

Third, this study goes beyond Nguyen and Petchsawang (2024), who examined Generation Z's innovative work behavior only in terms of work engagement. The findings here indicate that the same behavior also shapes their interest in leaving their current jobs and starting their own businesses.

Together, these three findings illustrate that the self-efficacy mechanism provides a substantive answer to questions that have long been left open by these three lines of literature.

Theoretical Contributions

The theoretical contribution of this study centers on the integration of three theoretical frameworks that have rarely been combined. Bandura's (1997) self-efficacy theory, Social Cognitive Career Theory (Lent et al., 1994), and the Theory of Planned Behavior (Ajzen, 1991) are treated as a single, sequential line of argument. Experiences with innovative work behavior serve as a source of mastery experiences that shape self-efficacy, and this self-efficacy subsequently becomes one of the determinants of perceived behavioral control in the formation of intention.

In addition to integrating these three theories, this study also resolves the conceptual tension between the mastery experience pathway and the job embeddedness pathway highlighted in the gap section. The direct effect of innovative work behavior persists in populations with low job embeddedness. These findings indicate that the dominance of the mastery experience pathway over the job embeddedness pathway is conditional, depending on the employment status characteristics of the studied population.

Contextually and methodologically, this study also addresses gaps that have long existed across studies in different countries. Hossain et al. (2023) examined Generation Z's entrepreneurial intentions in Bangladesh, while Nguyen and Petchsawang (2024) examined Generation Z's innovative work behavior in Vietnam separately. This study unites these two aspects into a single empirical model tested directly on a population of SME workers in

Indonesia, specifically in Makassar—a context that has been absent from the existing body of research.

The methodological design, which targets SME workers in short-term employment, also addresses the limitations noted by Maden Eyiusta and Esen (2025), whose previous study only covered permanent employees at medium- to large-sized companies.

Practical Contributions

For MSME owners in Makassar, the results of the mediation analysis show that giving Generation Z employees the space to bring their ideas to life—rather than merely listening to them—actually strengthens those employees' self-confidence. That confidence, in turn, encourages them to start their own businesses. MSME owners who wish to retain young talent should consider formal mechanisms for incorporating and implementing employees' ideas. Decisions regarding the adoption of ideas should not depend entirely on the owner's willingness to bear the risks of change, as indicated by the patterns identified in the preliminary study of this research.

For SME and labor policymakers in Makassar, these findings suggest that the phenomenon of promising young employees leaving SMEs to start their own businesses is a logical consequence of the self-confidence developed through innovative work experiences. This psychological process goes beyond mere job dissatisfaction. SME development programs should also provide mentorship pathways for young employees who show entrepreneurial tendencies, in addition to targeting business owners as has been the norm. This step is crucial to ensure that this potential is channeled productively and does not simply disappear from the local SME ecosystem.

For entrepreneurship educators—including management and business programs at universities—these findings underscore the importance of incorporating practical work experiences involving innovative tasks into the entrepreneurship curriculum. Such experiences complement the theoretical material that has long been the mainstay of instruction. Internships or part-time jobs at SMEs that provide students with room to experiment have the potential to be a more effective means of building entrepreneurial self-confidence than classroom learning alone.

CONCLUSION

This study concludes that Generation Z's innovative work behavior in MSMEs in Makassar City influences their interest in entrepreneurship, both directly and through entrepreneurial self-confidence as a complementary mediator. These findings confirm that the experience of creating, promoting, and implementing ideas in the workplace serves as psychological capital that shapes employees' future career paths. This psychological capital extends beyond its contribution to the MSMEs where they currently work and also shapes their decision to start their own businesses.

This research model integrates Social Cognitive Career Theory and the Theory of Planned Behavior, which have proven relevant in explaining this mechanism. This model also resolves the theoretical tension that has long existed between the pathways of self-confidence formation and job embeddedness among informal-sector workers, such as MSME employees.

Practically, these findings provide a foundation for SME owners, policymakers, and entrepreneurship educators to treat the innovative work behavior of young employees as a long-term investment in the city's entrepreneurial ecosystem. This perspective shifts away from the

traditional view that frames employee initiatives solely as risks that need to be controlled. Further research on a more diverse population and a wider range of MSME sectors will strengthen the generalizability of these findings beyond the context of Makassar.

LIMITATION

This study has several limitations that should be considered when interpreting its findings. First, the study design is cross-sectional. The relationships between variables identified reflect patterns at a single point in time and do not capture how entrepreneurial self-confidence and interest in entrepreneurship develop over time as employees go about their work. Second, the use of purposive sampling limits the generalizability of the findings. The results of this study reflect patterns among respondents who met specific criteria, rather than providing a representative estimate of the entire population of Generation Z MSME workers in Makassar. Third, the research model identifies entrepreneurial self-confidence as the sole mediator. The theoretical tension between the “mastery experience” and “job embeddedness” pathways-discussed in the discussion section-was only examined interpretatively and has not yet been directly tested as a moderating variable within the model. Fourth, this study is limited to the context of Makassar City; therefore, generalizations to other cities or regions in Indonesia should be made with caution.

Future research could employ a longitudinal design to capture the dynamics of entrepreneurial self-confidence formation over time, particularly at the transition point when employees consider leaving MSMEs to become entrepreneurs. Job embeddedness could also be explicitly included as a moderating variable. This step would allow for direct testing of the conditions that strengthen or weaken the mastery experience pathway among the informal workforce. Replicating this study among MSMEs in other major cities in Indonesia-including those outside of Eastern Indonesia – will strengthen the national generalizability of this model. A mixed-methods approach combining surveys with in-depth interviews also has the potential to enrich our understanding of the psychological mechanisms underlying Generation Z’s decision to transition from employees to entrepreneurs.

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