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The Impact of Entrepreneurial Mindset on the Success of Innovative Business Models

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Abstract *- This study aims to examine the influence of entrepreneurial mindset on the success of innovative business models among entrepreneurs in Indonesia. Amidst the growth of the digital economy, many MSMEs and startups have failed because of non-adaptive business models, even though market opportunities are available. This study uses the main dimensions of entrepreneurial mindset,which are opportunity recognition, innovativeness, proactiveness, adaptability, and self-efficacy & confidence, and how these five aspects influence the success of business model innovation. A quantitative approach was used with data collection from 100 entrepreneurial respondents and data analysis through SEM-PLS. The results indicate that only proactiveness and self-efficacy & confidence significantly influence the success of innovative business models. Meanwhile, opportunity recognition, innovativeness, and adaptability do not show significant direct effects. These findings suggest that the ability to act strategically and self-confidence in facing uncertainty play a more critical role than simply recognizing opportunities or being innovative without the support of an execution structure. This study contributes theoretically to entrepreneurship literature and provides practical implications for developing competitive business models in the era of digital disruption.*

Keywords - Entrepreneurial Mindset, Proactive, Self-Efficacy, Business Model Innovation, Digital Entrepreneurship

I. INTRODUCTION

Indonesia's economic growth is currently in the range of 5.1-5.3%, with significant contributions from the micro, small, and medium enterprise (MSME) sector, as well as technology-based startups, making 2025 an important milestone for the growth of the digital economy and national entrepreneurship development in Indonesia by reference [3]. This is not only an opportunity but also a challenge, as the success rate of MSMEs in Indonesia remains low. According to data from the Ministry of Cooperatives and MSMEs (2024), approximately 47% of MSMEs and digital startups fail to operate due to business models that are not adaptive and lack innovation. The main issue is not just about access to capital or technological sophistication, but rather the mindset of the entrepreneurs themselves. Reference [9] show that An entrepreneurial mindset is a crucial aspect reflecting an individual's ability to remain focused on opportunities, withstand uncertainty, learn quickly from failures, and think creatively and innovatively.

In the digital economy, the success of a business model is highly dependent on the innovative mindset and adaptability of entrepreneurs [5] . Additionally, the low level of innovative entrepreneurship literacy means that many entrepreneurs do not fully understand the importance of experimenting with business models to ensure the sustainability of their businesses, by reference [18]. Although many business ideas and startups are emerging, only a few entrepreneurs are able to develop truly successful businesses with market share by reference [11].

Therefore, an entrepreneurial mindset is a crucial indicator for assessing how well entrepreneurs can adapt to digital transformation, identify and pursue opportunities, make decisions with limited information, and remain adaptive in the face of global competition, while also generating concrete impacts on business performance in an innovative and sustainable. This research will analyze The Impact of Entrepreneurial Mindset on the Success of Innovative Business Models.

The results of this study are expected to provide knowledge about the factors in the entrepreneurial mindset variable that influence the success of an innovative business model. This study is also expected to contribute to the theoretical discourse by bridging the gap and resolving conflicting findings regarding the entrepreneurial mindset and the success of an innovative business model.

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II. LITERATURE REVIEW

A. *Entrepreneurial Mindset*

Reference [1] show that In the Theory of Planned Behavior, entrepreneurial behavior is influenced by intentions formulated from attitudes toward behavior, subjective norms, and perceptions of self-control. Thus, entrepreneurial mindset is an entrepreneur's way of thinking that reflects an individual's ability to recognize opportunities, take risks, adapt to uncertainty, and think innovatively and reflectively.

Entrepreneurial mindset also describes a strong attitude and self-control towards innovative actions. Reference [9] also explain that Entrepreneurial Mindset is the ability of an entrepreneur to think flexibly and reflect on themselves in the face of business dynamics, so that someone with Entrepreneurial Mindset not only creates business ideas but also executes them through innovative, flexible, and market-relevant business models. An entrepreneur with an Entrepreneurial Mindset often uses available resources to create new opportunities, thereby fostering an adaptive and creative mindset in developing an innovative business model [14].

Research findings indicate inconsistencies that suggest that in developing countries such as Indonesia, the effectiveness of an entrepreneurial mindset is also influenced by limited access to business infrastructure, unsupportive regulations, and low levels of entrepreneurial literacy by reference [13]. Another study found that while entrepreneurs possess an entrepreneurial mindset, many of them operate their businesses using conventional approaches due to a lack of digital knowledge and skills by reference [12]. Thus, the entrepreneurial mindset plays a key role as the primary driver of the success of innovative business models. A progressive mindset encourages business actors not only to follow existing patterns but also to create new ways of creating and capturing value from business opportunities.

B. *Success of Innovative Business Models*

Based on reference [16], the success of an innovative business model is determined by how well it can create value for customers, adapt to market and technological changes, and generate positive financial performance or growth. An innovative business model refers to new ways of creating, delivering, and capturing value, whether through product, process, technology, or market strategy innovation. There are several indicators that measure the success of an innovative business model, such as increased value added for customers, operational efficiency, revenue growth, competitive advantage, and business sustainability amid market changes.

The success of innovative business models is not just about profitability, but also about adaptability and long-term relevance in the era of digital disruption. Therefore, the success of innovative business models also depends on a company's ability to creatively integrate internal and external resources to generate unique and difficult-to-replicate value by reference [6].

This study develops a conceptual framework to facilitate understanding of the research conducted, which are as follows:

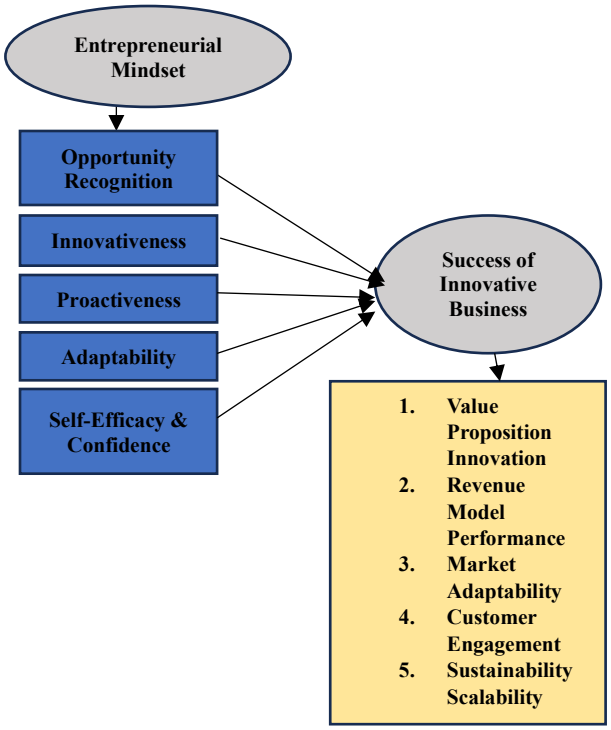

Figure 1 Conceptual Model

The hypotheses of this study can therefore be summarized as follows:

1. Opportunity recognition has a positive and significant effect on the success of innovative business models.
2. Innovativeness has a positive and significant effect on the success of innovative business models.
3. Proactiveness has a positive and significant effect on the success of innovative business models.
4. Adaptability has a positive and significant effect on the success of innovative business models.
5. Self-Efficiency & Confidence has a positive and significant effect on the success of innovative business models.

III. METHODOLOGY

This study uses a quantitative approach. Reference [15] explains that quantitative research methods are research methods that use questionnaires as data collection instruments. The questionnaire was

distributed online using Google Forms. The questionnaire was designed using a Likert scale, with weights assigned to the response values (1) Strongly Disagree to (5) Strongly Agree.

The questionnaire was developed based on relevant previous research. The operational definitions of the variables in this study are as follows:

Table I Operational Definition of Variables

No	Variabel	Indicator
A	**Entrepreneurial Mindset**	
	Opportunity Recognition	Ability to recognize new business opportunities (Tang et al. (2012)
	Innovativeness	A tendency to seek new ideas and solutions. (Lumpkin & Dess (1996)
	Proactiveness	The ability to act proactively in response to market changes. (Lumpkin & Dess (1996)
	Adaptability	Ability to adapt to changes in the business environment. Haynie & Shepherd (2009)
	Self-Efficacy	Confidence in managing uncertainty and risk. (McGee et al. (2009)
B	**Success of Innovative Business Models**	1. Value Proposition Innovation 2. Revenue Model Performance 3. Market Adaptability 4. Customer Engagement 5. Sustainability & Scalability (Osterwalder & Pigneur (2010); Teece (2010); Osterwalder & Pigneur (2010); Zott, Amit & Massa (2011))

The questionnaire was developed based on relevant previous research, and it is hoped that it will provide an overview of the entrepreneurial mindset on the success of innovative business models.

The population in this study are entrepreneurs who have established businesses in Indonesia. Regarding the sample size, according to reference [19], the recommended sample size is a minimum of 100 respondents to enable accurate estimation. Reference [19], recommend that the minimum sample size is 5 to 10 times the number of indicators. The number of indicators used in this study is 10, which means that based on this formula, the sample size in this study is: 10 x 10 = 100 respondents. It can be concluded that the sample size in this study is 100 entrepreneurs in Indonesia.

Furthermore, the collected data will be tested using SEM-PLS (Partial Least Square) – SmartPLS analysis tools, which will later be used to measure the validity, reliability, significance, and magnitude of influence of each variable in this study.

IV. FINDINGS AND DISCUSSION

In this study, the researcher distributed questionnaires to 100 respondents representing different characteristics in terms of gender, age, and income. This studyuses SmartPLS analysis tools to analyze the data. The results of the data processed in the analysis tool are as follows:

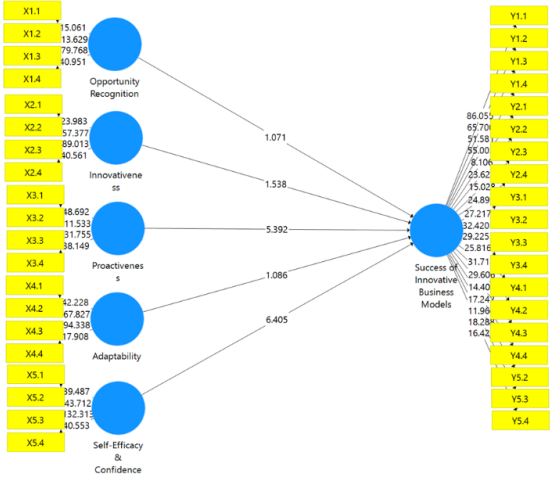

Figure 2 Data Results

A. Validity and Reliability Test Results

According to Reference [15], a valid instrument is a measuring tool used to obtain valid data, and validity means that the instrument can be used to measure what it is supposed to measure. Validity is a measure of the effectiveness or efficiency of an instrument.

In stage 1 management, not all indicators had a loading factor value above >0.07, so one indicator was eliminated because it did not meet the convergent validity required according to Hair et al, (2021), which are > 0.7.

Table II Loading Factor Tahap 1

Variabel Penelitian	Pernyataan	Loading Factor	Keterangan
Entrepreneurial Mindset			
Opportunity Recognition	X1.1	0,789	Valid
	X1.2	0,836	Valid
	X1.3	0,929	Valid
	X1.4	0,900	Valid
Innovativeness	X2.1	0,886	Valid
	X2.2	0,916	Valid
	X2.3	0,939	Valid
	X2.4	0,866	Valid
Proactiveness	X3.1	0,905	Valid
	X3.2	0,806	Valid
	X3.3	0,839	Valid
	X3.4	0,876	Valid
Adaptability	X4.1	0,864	Valid
	X4.2	0,929	Valid
	X4.3	0,935	Valid
	X4.4	0,806	Valid
Self-Efficacy & Confidence	X5.1	0,912	Valid
	X5.2	0,918	Valid
	X5.3	0,969	Valid
	X5.4	0,883	Valid

Success of Innovative Business Models	Y1.1	0,938	Valid
	Y1.2	0,930	Valid
	Y1.3	0,919	Valid
	Y1.4	0,928	Valid
	Y2.1	0,712	Valid
	Y2.2	0,815	Valid
	Y2.3	0,799	Valid
	Y2.4	0,849	Valid
	Y3.1	0,860	Valid
	Y3.2	0,897	Valid
	Y3.3	0,888	Valid
	Y3.4	0,881	Valid
	Y4.1	0,841	Valid
	Y4.2	0,855	Valid
	Y4.3	0,747	Valid
	Y4.4	0,843	Valid
	Y5.1	0,671	Tidak Valid
	Y5.2	0,751	Valid
	Y5.3	0,855	Valid
	Y5.4	0,819	Valid

The results in the table above show that not all indicators are valid. Therefore, Stage 2 should be implemented so that all indicators can continue with reliability testing.

Table III Loading Factor Tahap 2

Variabel Penelitian	Item	Loading Factor	description
Entrepreneurial Mindset			
Opportunity Recognition	X1.1	0,786	Valid
	X1.2	0,833	Valid
	X1.3	0,930	Valid
	X1.4	0,902	Valid
Innovativeness	X2.1	0,885	Valid
	X2.2	0,916	Valid
	X2.3	0,939	Valid
	X2.4	0,866	Valid
Proactiveness	X3.1	0,905	Valid
	X3.2	0,806	Valid
	X3.3	0,838	Valid
	X3.4	0,877	Valid
Adaptability	X4.1	0,864	Valid
	X4.2	0,929	Valid
	X4.3	0,935	Valid
	X4.4	0,806	Valid
Self-Efficacy & Confidence	X5.1	0,912	Valid
	X5.2	0,918	Valid
	X5.3	0,969	Valid
	X5.4	0,883	Valid
Success of Innovative Business Models	Y1.1	0,940	Valid
	Y1.2	0,935	Valid
	Y1.3	0,922	Valid
	Y1.4	0,930	Valid
	Y2.1	0,702	Valid
	Y2.2	0,814	Valid
	Y2.3	0,804	Valid
	Y2.4	0,851	Valid
	Y3.1	0,860	Valid
	Y3.2	0,903	Valid
	Y3.3	0,894	Valid
	Y3.4	0,887	Valid
	Y4.1	0,844	Valid
	Y4.2	0,861	Valid
	Y4.3	0,739	Valid
	Y4.4	0,834	Valid
	Y5.2	0,748	Valid
	Y5.3	0,845	Valid
	Y5.4	0,810	Valid

Based on the table above, all validity test results for all indicators in this study are valid. Therefore, reliability testing can be continued.

Table IV Construct reliability and validity

	Cronbach's Alpha	Composite Realibility (rho_A)	Composite Realibility (rho_C)	Average variance Extraced (AVE)
Entrepreneurial Mindset				
Opportunity Recognition	0,907	0,922	0,935	0,783
Innovativeness	0,924	0,933	0,946	0,814
Proactiveness	0,893	0,956	0,922	0,748
Adaptability	0,880	0,890	0,917	0,735
Self-Efficacy & Confidence	0,940	0,951	0,957	0,848
Success of Innovative Business Models	0,979	0,981	0,980	0,725

Based on the table above, the CR test results show a result of >0.70, which means that all variables are reliable. Thus, from these measurement results, the next stage can be carried out, which is to evaluate the structural model.

Table V R-square

	R-Square	R-Square Adjusted
Success of Innovative Business Models	0,944	0,942

Based on the table, the R-Square value obtained is 0.944, which is close to 1, meaning that the influence of Success of Innovative Business Models can be explained by Entrepreneurial mindset, which consists of Opportunity Recognition, Innovativeness, Proactiveness, Adaptability, Self-Efficacy & Confidence, and the R Square Adjusted value is 0.942, which means that 94 percent of the changes in Success of Innovative Business Models are influenced by Entrepreneurial Mindset, which consists of Opportunity Recognition, Innovativeness, Proactiveness, Adaptability, Self-Efficacy & Confidence, while the remaining 6 percent is explained by other factors not examined in this study.

B. Hypothesis Test Results

To determine the structural relationship between negative variables, an exploratory test of the number of paths between variables should be implemented with a comparison of p-values and alpha (0.05). P-values are obtained from the output in SmartPLS using the bootstrap method and path coefficient output. The following are the results of the path coefficient output and bootstrapping:

Table VI Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P valu
Opportunity Recognition -> Success of Innovative Business Models	-0,026	-0,023	0,024	1,071	0,286
Innovativeness -> Success of Innovative Business Models	-0,101	-0,097	0,066	1,538	0,12
Proactiveness -> Success of Innovative Business Models	0,389	0,378	0,072	5,392	0,00
Adaptability -> Success of Innovative Business Models	0,124	0,156	0,115	1,086	0,28
Self-Efficacy & Confidence -> Success of Innovative Business Models	0,633	0,606	0,099	6,405	0,00

Based on the table above, it can be concluded that:

1. Based on a p-value of 0.286 for the relationship between opportunity recognition and the success of innovative business models, it shows that the value is larger than 0.05 and the t-statistic is 1.071, which means that the hypothesis is rejected. This is supported by several studies that suggest that while opportunity is one of the determinants of an entrepreneurial mindset, it does not necessarily guarantee that such opportunities can be effectively implemented in the form of innovative business models. Failure to execute ideas into products or services that align with market needs can result in such opportunities not contributing to business success by reference [4]. Reference [8] state that not all available opportunities are suitable for current industry conditions or market needs. Entrepreneurs sometimes see opportunities that are too specific, too early, or not in line with market trends. As a result, even though these opportunities look promising, their implementation does not have much impact on the success of innovative business models. It is further explained that due to the lack of innovative business model capabilities, many opportunities are not developed into business models. Thus, these opportunities do not have a direct impact on the success of innovative businesses.
2. Based on a p-value of 0.127 for the relationship between innovativeness and the success of innovative business models, it can be seen that this value is greater than 0.05 and the t-statistic is 1.538, which means that the hypothesis is rejected. This is supported by several studies explaining that although many entrepreneurs are innovative, they fail to integrate innovation into business models that support the creation, distribution, and capture of value. In other words, innovation alone is not enough if there is no ability to transform ideas into solid and sustainable business structures (Alonso-Galicia et al., 2020). High innovativeness leads entrepreneurs to design products that are too complex, expensive, or irrelevant to consumer needs, creating a gap between what is offered and what the market desires, thereby rendering innovation ineffective in achieving the success of an innovative business model. Even if an entrepreneur is focused on an innovative business, without the right organizational support, such as human resources, innovation does not impact business model performance because innovativeness must be combined with dynamic capabilities to produce a successful business model. Furthermore, Reference [5] state that for innovation to impact business success, it must be balanced with other elements such as risk-taking and proactiveness. If one focuses solely on innovation without being willing to take risks or proactively read market trends, innovation will not succeed in forming a successful business model.
3. Based on a p-value of 0.000 for the relationship between proactiveness and the success of innovative business models, it can be seen that this value is less than 0.05 and the t-statistic is 5.392, which means that the hypothesis is accepted. This is supported by several studies, including reference [2], who emphasize that by being proactive, businesses can anticipate trends, market needs, and new technologies and use them to create new business models. Reference [17] state that proactiveness is part of an entrepreneurial orientation that enables entrepreneurs to strategically adjust their business models rather than merely reacting to the environment, thereby increasing the chances of success for a business model. By having a proactiveness attitude, an entrepreneur can try a new business model, test hypotheses related to it, and explore the market according to consumer interests. Furthermore, proactive entrepreneurs tend to excel in developing disruptive or unique business models because they do not wait for change but create it. This enables them to create long-term competitive advantages and accelerate the adoption of digital transformation into their business models. Thus, proactivity not only allows entrepreneurs to respond to change but also to control it and turn it into a competitive advantage.
4. Based on a p-value of 0.280 for the relationship between Adaptability and the success of innovative business models, it shows that the

value is greater than 0.05 and the t-statistic is 1.086, which means that the hypothesis is rejected. This is supported by several studies. Reference [8] argue that adaptability means being more reactive to environmental changes than proactive in creating innovation, so the success of innovative business models is more determined by the ability to strategically build or change value structures than simply adapting. Reference [2] argue that the success of innovative business models lies in business model innovation capability, not just general adaptability. Reference [17] add that adaptability must be supported by dynamic capabilities and innovation strategies; adaptability alone will not be able to create advantages in innovative business models.

5. Based on a p-value of 0.000 for the relationship between Self Efficiency & Confidence and the success of innovative business models, it shows that the value is less than 0.05 and the t-statistic is 6.405, which means that the hypothesis is accepted. This is supported by several studies, including reference [7], who explain that Self-Efficiency & Confidence provide entrepreneurs with the confidence to manage risks, solve complex problems, and cope with uncertainty in the innovation process. This attitude will encourage entrepreneurs to quickly take strategic steps in creating and implementing innovative business models and increasing the chances of success for those models.

   Self-efficacy and confidence also encourage entrepreneurs to experiment, pivot, and make the necessary decisions in business model innovation. Entrepreneurs with self-efficacy and confidence are better at actualizing ideas so that they become real components in innovative business models, such as new market segmentation, new value propositions, and new ways of generating revenue by reference [8]. Therefore, by possessing Self-Efficacy and Confidence, an entrepreneur can manage risks and uncertainties, drive experimentation and strategic decision-making, facilitate the transformation of ideas into tangible business structures, and enhance commitment to the business process to increase the likelihood of success for innovative business models.

V. CONCLUSION

Based on the results of the research and discussion, the following conclusions can be drawn: An entrepreneurial mindset, as seen from proactiveness and self-efficacy & confidence, has a significant positive effect on the success of innovative business models.

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