

# THE EFFECT OF WORK MOTIVATION, SELF-EFFICACY, AND LEADERSHIP STYLE ON BUSINESS PRODUCTIVITY IN WOMEN-OWNED MSMES IN MEDAN CITY

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Received : 21 May 2025

Published : 22 July 2025

Revised : 29 May 2025

DOI : <https://doi.org/10.54443/ijset.v4i9.941>

Accepted : 17 June 2025

Link Publish : <https://www.ijset.org/index.php/ijset/index>

## Abstract

This research examines how work motivation, self-efficacy, and leadership influence productivity levels in women-led micro, small, and medium enterprises (MSMEs) in Medan. The research is based on the importance of enhancing the role of the MSME sector, particularly those led by women, in strengthening regional economic resilience. The methodology employed is a quantitative approach through a survey of 96 female MSME entrepreneurs. Information was collected through questionnaire distribution, while data processing utilized multiple linear regression analysis using SPSS version 26 software. The findings indicate that individually, all independent variables—work motivation, self-efficacy, and leadership—have a positive and significant impact on business productivity. Among the three, self-efficacy demonstrates the strongest influence. Collectively, these three variables contribute significantly to productivity with a coefficient of determination ( $R^2$ ) of 0.634, indicating that more than 60% of the variation in business productivity can be explained by this model. These results reinforce the urgency of strengthening internal factors to boost the productivity of women-led MSMEs. Consequently, MSME empowerment programs need to be expanded not only to financial and technological access, but also to non-material aspects such as increasing work motivation, entrepreneur self-confidence, and adaptive and collaborative leadership skills to create competitive and sustainable businesses.

**Keywords:** *Work Motivation; Self-Efficacy; Leadership Style; Business Productivity; Women-Owned MSMEs*

## INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector is a key foundation of Indonesia's national economic structure. According to the latest data from the Indonesian Ministry of Cooperatives and SMEs, the number of MSMEs has reached approximately 62.9 million, accounting for nearly 99.99% of all operating business entities, while the number of large-scale companies is only around 5,400 units, or 0.01%. In terms of employment, MSMEs make a significant contribution, absorbing approximately 97% of the total national workforce, compared to large companies, which only absorb around 3%. This reality confirms that MSMEs hold a central position in maintaining economic resilience, expanding employment opportunities, and reducing the welfare gap (Ministry of Cooperatives and SMEs, 2023).

In the context of technological developments and the acceleration of global digitalization, MSMEs are faced with various dynamics, both challenges and previously unimaginable potential. Digital transformation is now an essential element in increasing business process efficiency, expanding market reach, and strengthening operational sustainability. Empirical findings from Sukarsih et al. (2019) show that e-commerce-based training can increase digital technology capacity by up to 76.4%, with 70% of training participants able to initiate digital trading platforms to reach a wider consumer base. This fact confirms that digitalization plays a role not only in efficiency but also in strengthening the competitiveness of MSMEs in both local and global markets. Women play a highly strategic role in the national MSME ecosystem. The World Bank's Women, Business, and the Law report states that approximately 60% of MSMEs in Indonesia are run by women (World Bank, 2021). This data is further supported by data from the Central Statistics Agency (BPS) in 2024, which showed that 64.5% of MSMEs are

women. Women's role in MSMEs is not only as a supporter of the family economy but also as a crucial player in increasing Gross Domestic Product (GDP), particularly through the micro and small business sector, with MSMEs contributing 61% to national GDP. However, women MSME managers still face significant obstacles, such as limited access to financing, limited business management training, and socio-cultural challenges that limit their mobility. In addition to external obstacles, the success of women-led MSMEs is also significantly influenced by internal factors such as work ethic, self-efficacy, and the leadership model employed. Therefore, public policy interventions that include leadership training, strengthening non-technical skills, and creating an inclusive business ecosystem are highly relevant. Therefore, examining the role of MSMEs and women's contributions to supporting national economic development serves as a crucial foundation for designing equitable and sustainable economic development policies. The purpose of this study is to analyze the extent to which internal factors such as work motivation, self-efficacy, and leadership influence the productivity of women-managed MSMEs. This study also aims to provide strategic recommendations for formulating policies to empower women-owned MSMEs to strengthen their contribution to inclusive and sustainable economic growth.

## **LITERATURE REVIEW**

### **1. Women's MSMEs**

The role of women-led Micro, Small, and Medium Enterprises (MSMEs) is crucial in strengthening the foundations of the economy, both at the local and national levels. Women not only act as business managers but also as drivers of social change, contributing to improvements in people's living standards. Therefore, increasing women's involvement in the MSME sector is a crucial focus of regional economic development policies, achieved through efforts to improve managerial capacity and access to education (Mutaqin *et al.*, 2024; Winarsih *et al.*, 2024). Despite this, women MSMEs still face a variety of complex obstacles, including limited access to financing, business skills training, and supporting technology. These challenges are often exacerbated by the pressures of social norms and the prevailing domestic burdens (Nofriadi *et al.*, 2024). Despite these limitations, digitalization offers new opportunities for business development, particularly in expanding market reach and improving business process efficiency, although digital technology adoption is not yet widespread among women MSMEs (Guntoro *et al.*, 2024; Armada *et al.*, 2024). Furthermore, the existence of business communities and the emergence of various innovative initiatives by women are significant supporting factors for the sustainability and success of the businesses they manage.

### **2. Work motivation**

Work motivation can be understood as internal and external forces that influence an individual's attitudes and behavior in carrying out tasks and responsibilities in the workplace. In the context of Micro, Small, and Medium Enterprises (MSMEs), work motivation is a key factor in driving increased workforce performance and productivity (Prasetya *et al.*, 2024). Motivation levels are influenced by various aspects, including job satisfaction, organizational climate, and a supportive work culture, which synergistically enhance work enthusiasm and ethic (Wahono & Kaharudin, 2024; Anjeli *et al.*, 2024). According to Herzberg's two-factor theory, work motivation is divided into two main categories: hygiene factors—such as work environment conditions and income level—and motivational triggers, such as recognition and personal achievement (Wedadjati & Helmi, 2022). Within this framework, adequate compensation and consistent implementation of work discipline are crucial elements in building sustainable work motivation, which ultimately has a positive impact on the organization's overall performance (Sitepu *et al.*, 2024). Enny (2019) emphasized that work motivation is formed from two dimensions: internal and external. The internal dimension encompasses an individual's aspirations for a prosperous life, job stability, social recognition, and work performance. Achieving personal goals, improving social status, and harmonious interpersonal relationships are key drivers for individuals to work harder and more responsibly.

Meanwhile, external dimensions include aspects of physical comfort in the work environment, the availability of supporting facilities, a fair reward system, constructive supervision, and assurance of job stability. Assigning appropriate responsibilities and roles can also boost work morale by fostering a sense of appreciation and trust. Furthermore, adaptive organizational policies and open communication contribute to a work atmosphere that supports increased motivation. All of these factors interact dynamically, resulting in varying levels of motivation between individuals, depending on their psychological state and the work situation they experience.

### **3. Self-efficacy**

Self-efficacy refers to an individual's belief in their ability to achieve predetermined goals. This concept has been shown to play a crucial role in strengthening motivation, persistence, and cognitive engagement in the process of achieving specific goals (Siswanti & Akmal, 2023). In the context of entrepreneurship, especially among women, self-efficacy is a determining factor influencing business success. A high level of self-confidence enables female entrepreneurs to be more resilient in facing business challenges and more easily adapt to the dynamics of change (Setiawan & Soelaiman, 2022). Furthermore, self-efficacy also positively impacts various other dimensions, such as academic achievement and social adjustment, demonstrating the multidimensional nature of this psychological construct in everyday life (Arsanti *et al.*, 2022).

In the workplace, self-efficacy describes the extent to which an individual feels capable of carrying out tasks and responsibilities in accordance with existing demands. Ardanti and Rahardja (2017) identified six main indicators in measuring self-efficacy, namely: alignment between individual competencies and task demands, ability to adapt to the work environment, confidence in meeting leadership expectations, mastery of technical skills and knowledge, positive perceptions of one's abilities compared to colleagues, and the contribution of work experience in building self-confidence. All of these dimensions confirm that self-efficacy has a direct influence on performance and productivity, making it a crucial element in efforts to develop human resource capacity, especially in the MSME sector and other informal sectors.

#### **4. Leadership Style**

Leadership style can be defined as the method or approach used by a leader to guide, influence, and motivate team members to optimally achieve organizational goals. Within the scope of Micro, Small, and Medium Enterprises (MSMEs) managed by women, leadership style plays a strategic role in determining the success and sustainability of the business. Findings from Malik *et al.* (2020) indicate that transformational leadership has a significant positive correlation with increasing productivity and sustainability of MSME businesses, even more effective than a transactional leadership approach. Ginting (2018) formulated four main components of an effective leadership style in the MSME sector: the ability to establish good communication, being a role model for team members, decision-making skills, and the capacity to provide motivation and inspiration to the work team.

Communication implemented by leaders plays a central role in building harmonious working relationships, clearly conveying the organization's vision, and creating an open and trusting work climate. A leader's exemplary attitude, reflected in their integrity and professional ethics, serves as a source of inspiration and encouragement for the team. Furthermore, research by Orozco Collazos and Botero (2024) shows that female leadership in MSMEs significantly contributes to improving the company's financial performance through a collaborative leadership style that prioritizes inclusivity. In decision-making, female leaders tend to adopt a participatory approach that allows for the involvement of all team members, thus fostering a sense of collective ownership and responsibility. Tanzeela (2024) also highlights the importance of leaders in providing motivation and inspirational encouragement, which can increase team members' work enthusiasm and creativity, as well as foster an environment that supports innovation and continuous performance improvement.

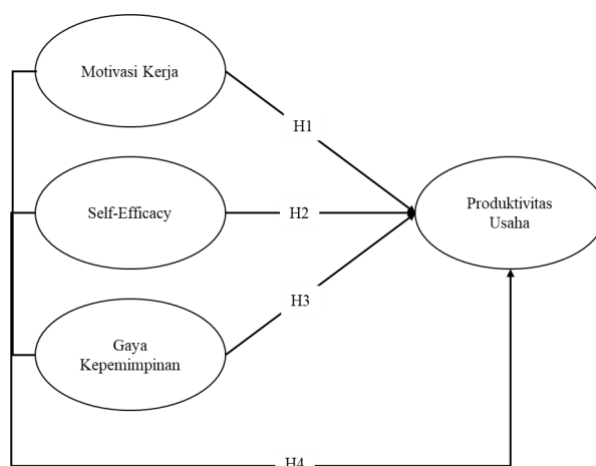
#### **5. Business Productivity**

Studies on the productivity levels of women-led MSMEs highlight various determinants that influence business efficiency and sustainability within the local economic framework. As drivers of MSMEs, women play a vital role in strengthening the domestic economy, despite facing various structural barriers, such as limited access to technology, business capital, and managerial skills. Numerous studies have shown that productivity in this sector is influenced by a multidimensional approach, including the use of digital technology, increased business management capacity, and innovation in daily business activities. Specifically, the use of social media in digital marketing strategies has been shown to drive increased productivity. Braham and Boussema (2022) demonstrated that the use of platforms like Facebook helps women entrepreneurs understand consumer needs and develop their entrepreneurial skills. Similar findings were presented by Chairi *et al.* (2022) and Susanti *et al.* (2020), who emphasized that digital communication and digital-based marketing strategies can improve operational efficiency while expanding market reach for MSMEs. Beyond technological aspects, managerial competence and education level also play a significant role in boosting business productivity. Various empowerment programs focused on improving business governance and strengthening marketing skills have been proven to increase women's business capabilities (Winarsih *et al.*, 2024; Harahap & Dewi, 2023). Furthermore, Hakim *et al.* (2024) highlight the importance of strengthening an entrepreneurial mindset and eliminating gender bias as the foundation for creating sustainable businesses. Furthermore, innovation in business management—whether through developing

product variations or optimizing digital marketing strategies—is also a key element in driving increased productivity (Marimin et al., 2023). However, the contribution of MSMEs to national Gross Domestic Product (GDP) remains relatively low, due to suboptimal levels of productivity and value-added (Rizki et al., 2024). Overall, the determining factors for the productivity of women-owned MSMEs include digital technology integration, product innovation, managerial skills, and the ability to adapt to market changes. These four elements are important foundations in strengthening the competitiveness of women-owned MSMEs, especially amidst the ever-growing transformation towards a digital economy.

## 6. Conceptual Framework

The conceptual framework in this study explains the relationship between work motivation (X1), self-efficacy (X2), and leadership style (X3) on the level of business productivity (Y) in MSMEs run by women. This model is designed by referring to the theoretical foundation and the results of previous research that emphasize the importance of psychological aspects and leadership in supporting the performance of small-scale businesses. These three independent variables are assumed to have a direct influence on productivity, both separately and simultaneously. This conceptual design serves as a basis for formulating hypotheses and conducting empirical testing of the relationships between the variables studied.



Picture1. Conceptual Framework

## 7. Research Hypothesis

Based on the conceptual model that has been developed and referring to the theory and results of previous research, the hypothesis in this study can be formulated as follows:

H1: There is a significant influence of work motivation partially on the level of business productivity.

H2: *Self-efficacy* partially has a significant influence on business productivity.

H3: Leadership style partially has a significant impact on business productivity.

H4: Work motivation, self-efficacy, and leadership style simultaneously have a significant influence on business productivity in MSMEs run by women.

## METHOD

### A. Types and Approaches of Research

This research uses a descriptive and explanatory quantitative approach. The aim is to analyze the influence of work motivation, self-efficacy, and leadership style on business productivity in women-owned MSMEs. This method allows researchers to test causal relationships between variables using multiple linear regression analysis.

### B. Population and Sampling Techniques

The population in this study was all women-owned MSMEs in Medan City. Because the exact population size was unknown, the sampling technique used was incidental sampling, where respondents were selected based on direct field encounters that met the criteria. The sample size was calculated using the Supramono formula, assuming a 10% error rate (d) and a proportion (p) of 0.5. This resulted in a sample size of 96 respondents.

### C. Operational Definition of Variables

**Table1. Operational Definition of Research Variables**

Variables	Dimensions/Indicators	Scale	Source
<b>Work motivation</b>	1. Job satisfaction 2. Compensation and facilities 3. Job stability 4. Recognition and achievements	Likert	Enny (2019), Herzberg (1959)
<b>Self-efficacy</b>	1. Suitability of skills & tasks 2. Adaptability 3. Technical mastery 4. Confidence from work experience	Likert	Ardanti & Rahardja (2017)
<b>Leadership Style</b>	1. Leader communication style 2. Setting an example 3. Decision-making 4. Providing motivation and inspiration	Likert	Ginting (2018)
<b>Business Productivity</b>	1. Operational efficiency 2. Number of business outputs 3. Product innovation 4. Revenue growth	Likert	Rizki et al. (2024)

Source: Author

Table 1 displays the operational definitions of the variables used in this study: work motivation, self-efficacy, leadership style, and business productivity. Each variable is broken down into four main indicators, structured based on relevant theoretical frameworks and findings from previous research. These indicators were selected to ensure that each variable can be measured systematically and align with the characteristics of women-managed MSMEs. In measuring the data, this study used a Likert scale, which allows for quantitative collection of respondents' perceptions with a consistent range of values that can be analyzed statistically. Developing these operational definitions plays a crucial role in providing conceptual clarity for each variable and ensuring the validity of the instruments used in further analysis, particularly in testing the relationships between variables using multiple linear regression.

### D. Data Analysis Techniques

This study applies a quantitative approach in data processing and analysis, using multiple linear regression techniques as the main analytical method. The selection of this method aims to evaluate the influence of independent variables—namely work motivation, self-efficacy (confidence in one's abilities), and leadership style—on the dependent variable in the form of business productivity, both simultaneously and partially. Data processing was carried out using SPSS version 26 statistical software. Before conducting the regression analysis, validity and reliability tests were first conducted on the research instrument to ensure that each statement item accurately represents the theoretical construct being measured and has an adequate level of internal consistency. Validity was tested by analyzing the correlation between each item and the total score, while reliability was evaluated through the calculation of the Cronbach's Alpha value.

After the instrument was declared valid and reliable, multiple linear regression analysis was conducted to identify the relationships between the variables studied. The F-test was used to assess the significance of the three independent variables' collective influence on business productivity, while the t-test was used to determine the contribution of each independent variable individually. Additionally, the coefficient of determination ( $R^2$ ) was calculated to determine the extent to which the independent variables could explain variation in the dependent variable. This approach provides a robust analytical framework for assessing the extent to which internal factors influence the productivity of women-run MSMEs.

## RESULTS AND DISCUSSION

### A. Validity and Reliability Test

**Table2. Research Validity Test**

Indicator	Pearson Correlation	r table	Information
MK1	0.415	0.1986	Valid



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MK2	0.437	0.1986	Valid
MK3	0.436	0.1986	Valid
MK4	0.363	0.1986	Valid
SE1	0.593	0.1986	Valid
SE2	0.553	0.1986	Valid
SE3	0.546	0.1986	Valid
SE4	0.518	0.1986	Valid
GK1	0.586	0.1986	Valid
GK2	0.588	0.1986	Valid
GK3	0.597	0.1986	Valid
GK4	0.616	0.1986	Valid
PU1	0.760	0.1986	Valid
PU2	0.749	0.1986	Valid
PU3	0.789	0.1986	Valid
PU4	0.798	0.1986	Valid

Source: SPSS 26 Output

Based on the validity test results presented in Table 2, all indicators of each variable in this study showed a Pearson Correlation value higher than the table's r value of 0.1986. This finding indicates that each statement item is able to accurately represent the construct being measured. Therefore, all instrument items in this study are declared valid and can be used in subsequent analysis. This level of validity achieved provides a strong foundation to ensure that the data obtained truly reflects the variables studied accurately.

**Table3. Research Reliability Test**

Variables	Cronbach's Alpha	Information
Work motivation	0.863	Reliable
<i>Self-efficacy</i>	0.861	Reliable
Leadership Style	0.873	Reliable
Business Productivity	0.899	Reliable

Source: SPSS 26 Output

The reliability test results presented in Table 3 indicate that all variables in this study had Cronbach's Alpha values above 0.8. This value reflects an excellent level of internal consistency of the instrument used. This means that each item within each variable was able to provide stable and consistent results in measuring the intended construct. Therefore, the instrument used in this study can be classified as highly reliable and is considered suitable for use in subsequent analysis stages.

## B. Multiple Linear Regression Test

**Table 4. Partial Variable Test Results**

		Coefficients <sup>a</sup>					
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics
		B	Std. Error	Beta			
1	(Constant)	,786	,959		,820	,415	
	Work motivation	,250	,042	,373	5,897	,000	,993
	<i>Self-efficacy</i>	,299	,036	,519	8,212	,000	,995
	Leadership Style	,280	,034	,514	8,146	,000	,998

a. Dependent Variable: Business Productivity

Source: SPSS 26 Output

Based on the results of the partial variable test in table 4 above, the linear regression model can be formulated as follows:

$$Y = 0.786 + 0.250X_1 + 0.299X_2 + 0.280X_3$$

The test results show that the three independent variables in the regression model, namely work motivation ( $X_1$ ), self-efficacy ( $X_2$ ), and leadership style ( $X_3$ ), have a positive and significant effect on business productivity

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(Y) in women-owned MSMEs in Medan City. The work motivation variable has a coefficient of 0.250 with a t-value of 5.897, which significantly indicates that the higher the work drive of business actors, the greater the increase in productivity achieved. Self-efficacy has the most dominant influence with a coefficient of 0.299 and a t-value of 8.212, which indicates that self-confidence in facing challenges and completing tasks is a crucial factor in supporting business performance. Meanwhile, leadership style recorded a coefficient of 0.280 with a t-value of 8.146, which proves that inspirational and communicative leadership can create a conducive work environment and encourage business efficiency. All three t-values are greater than the t-table of 1.986, so all three are statistically significant. These findings underscore that the success of women-owned small businesses is largely determined by internal strengths, including personal motivation, self-confidence, and leadership qualities in managing daily business activities.

**Table 5. Simultaneous Variable Test Results**

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	259,112	3	86,371	53,147	,000b
	Residual	149,513	92	1,625		
	Total	408,625	95			

a. Dependent Variable:Business Productivity  
b. Predictors: (Constant),Leadership Style,*Self-efficacy*,Work motivation

Source: SPSS 26 Output

Based on the simultaneous test results listed in Table 5, an F-value of 53.147 was obtained with a significance value of 0.000. This finding indicates that collectively, the variables of work motivation, self-efficacy, and leadership style have a significant influence on business productivity in MSMEs run by women in Medan City. The significance value is far below the tolerance limit of 0.05 indicating that the three independent variables collectively make a substantial contribution to the variation in business productivity. Thus, the combination of intrinsic motivation to work, confidence in one's own capacity, and effective leadership are determinants in increasing the success and productivity of women's MSMEs. Therefore, the regression model applied in this study can be considered simultaneously valid and appropriate to explain the causal relationship between the variables studied in the context of strengthening the role of women's MSMEs.

## C. Hypothesis Testing

**Table 6. Hypothesis Test Results**

Partial Relationship	$\beta$	Significant	Information
MK → Public Works	,250	0.000	Positive and Significant
SE → Public Works	,299	0.000	Positive and Significant
NO → Public Works	,280	0.000	Positive and Significant
Simultaneous Relationship	F-Square	Significant	Information
MK, SE, GK → Public Works	53,147	0.000	Significant

Source: SPSS 26 Output

Referring to the results of the hypothesis testing listed in Table 6, all independent variables were proven to have a significant influence on business productivity, both partially and simultaneously. Individually, the work motivation (MK) variable showed a positive and significant relationship to business productivity (PU), with a  $\beta$  coefficient value of 0.250 and a significance level of 0.000. This indicates that the higher the motivation of female MSME owners, the resulting business productivity also tends to increase. Meanwhile, the self-efficacy (SE)

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variable emerged as the most dominant determinant, indicated by a  $\beta$  coefficient of 0.299 with a significance value of 0.000, which confirms the importance of confidence in one's abilities as a primary determinant of business success. Furthermore, leadership style (GK) also significantly impacts productivity, with a  $\beta$  coefficient of 0.280 and a significance level of 0.000. This finding suggests that effective leadership can create a supportive work environment, thereby driving improved business performance. When all three variables were tested simultaneously, an F-value of 53.147 with a significance level of 0.000 was obtained, indicating that the regression model used in this study is statistically valid and able to explain the relationship between psychological factors and leadership with the productivity level of MSMEs run by women. Overall, the results of this study confirm that the combination of motivation, self-confidence, and effective leadership style is a strategic component in driving increased productivity of women-owned micro-enterprises.

## D. R-Square Test

Table 7. R-Square Test

Model Summary			
Model	R	R Square	Adjusted R Square
1	,796a	,634	,622
a. Predictors: (Constant), Leadership Style, <i>Self-efficacy</i> , Work motivation			
b. Dependent Variable: Business Productivity			

Source: SPSS 26 Output

Based on the results of the coefficient of determination analysis, an R Square value of 0.622 was obtained. This means that approximately 62.2% of the variation in business productivity can be explained by the three independent variables, namely work motivation, self-efficacy, and leadership style, together in the regression model used. This figure indicates that the model has quite strong predictive power, where most changes in the level of productivity of women's MSMEs are influenced by these internal factors. In other words, high work motivation, individual confidence in one's own competence, and effective leadership play a significant role in increasing business productivity. The remaining 37.8% is explained by other factors outside this research model, which may include external elements such as market fluctuations, public policy, or socioeconomic conditions that were not the focus of this study.

## DISCUSSION

### A. The Influence of Work Motivation on Business Productivity in Women-Owned MSMEs in Medan City

The results of this study indicate that work motivation has a positive and significant influence on business productivity in women-owned MSMEs in Medan City, as reflected in the regression coefficient value of 0.250 with a significance level of 0.000. This finding is not merely a statistical figure, but rather a reflection of the inner energy that drives entrepreneurs to continue to survive, develop, and make a real contribution to the economic sustainability of families and communities. Work motivation in the context of women-owned MSMEs is not only seen as an economic driver, but also as a manifestation of a desire to empower, contribute, and gain meaning from their social roles. Women MSME owners face not only market challenges but also the dual burden of being both household managers and entrepreneurs.

This is where work motivation becomes the primary fuel that maintains their consistency, perseverance, and resilience in running their businesses, despite limited access and resources. These findings reinforce the relevance of Herzberg's two-factor theory, which positions motivation as a key element in increasing productivity. In the reality of women-owned MSMEs, motivational factors such as achievement, social recognition, and work meaning are much more powerful drivers than purely hygienic factors. This aligns with the findings of studies by Enny (2019) and Wedadjati and Helmi (2022), which emphasize the importance of internal and external motivation in shaping business performance. Prasetya et al. (2024) also emphasize that the success of MSMEs is largely determined by psychological strength built through social support and a conducive business environment. Therefore, policy interventions aimed at increasing MSME productivity should not only focus on technical and financial aspects, but also address the psychological and social dimensions of the entrepreneurs themselves. Empowerment programs must begin to recognize that the work motivation of female MSME entrepreneurs is a development asset that needs to be nurtured through a holistic approach—one that integrates training, rewards, community development, and protection of their well-being.



### **B. The Influence of Self-Efficacy on Business Productivity in Women-Owned MSMEs in Medan City**

This study found that self-efficacy has a positive and significant effect on business productivity in women-owned MSMEs in Medan City, as indicated by a regression coefficient value of 0.299 and a significance level of 0.000. These results confirm that entrepreneurs' confidence in their own abilities is not merely a psychological attribute, but rather a foundation that supports overall business performance. In the MSME ecosystem filled with uncertainty, market competition, and limited resources, self-efficacy is a mental capital that greatly determines the direction, courage, and consistency of entrepreneurs in running their businesses. Self-efficacy reflects the extent to which an individual perceives themselves as capable of overcoming challenges, completing complex tasks, and taking responsibility for the outcomes of their activities. For women MSMEs, this self-confidence is even more crucial, as they often face structural barriers such as limited access to training, capital, and market networks. The belief that "I can" is the starting point for greater success—driving them to be more proactive, make bold decisions, and adapt quickly to business dynamics.

These findings confirm Albert Bandura's theory that self-efficacy influences how individuals think, behave, and motivate themselves. Self-efficacy is not a passive concept, but rather an internal force that guides individuals in developing strategies, setting goals, and maintaining perseverance under pressure. This aligns with research by Setiawan & Soelaiman (2022) and Siswanti & Akmal (2023), which states that individuals with high self-efficacy tend to be more resilient, innovative, and more efficient in navigating business challenges. In the field, indicators such as adaptability to change, technical business skills, and practical experience are key determinants of self-efficacy among women MSME owners. Therefore, effective empowerment goes beyond providing technical training alone; it must also address affective and psychological aspects. Capacity-building programs should be directed at strengthening self-confidence, developing leadership roles, and mentoring that encourages risk-taking and belief in one's own potential. Therefore, strengthening self-efficacy should be understood as a strategic intervention in gender-based MSME development—an approach that not only boosts business productivity but also builds a more inclusive and sustainable socioeconomic structure.

### **C. The Influence of Leadership Style on Business Productivity in Women-Owned MSMEs in Medan City**

The results of this study indicate that leadership style has a positive and significant effect on business productivity in women-owned MSMEs in Medan City, with a regression coefficient of 0.280 and a significance level of 0.000. This finding underscores that the quality of leadership possessed by business actors plays a strategic role in determining the direction and achievement of the business. In the context of MSMEs, especially those managed by women, leadership style is not merely a managerial technique, but also a reflection of values, vision, and commitment in leading oneself and others around them. Effective leadership in MSMEs reflects the ability to direct a business with a clear vision, motivate team members or work families, and exemplify discipline, work ethic, and courage in decision-making. This type of leadership has been proven not only to improve operational efficiency but also to create a supportive, collaborative, and long-term results-oriented business climate. In the context of female MSMEs, leadership serves as a tool for self-actualization and a means to break the chain of household economic dependency.

These findings align with Ginting's (2018) perspective, which emphasizes that leadership in micro-enterprises is heavily influenced by communication skills, decision-making, and motivation. A communicative and inspiring leadership style can boost self-confidence and encourage loyalty and performance among all business members. Furthermore, research by Mathori et al. (2022) confirms that adaptive leadership—that is, the ability to respond to changes in the market, technology, and consumer needs—is key to the sustainability of MSMEs. In the lives of women MSMEs, leadership also carries a significant social function: serving as role models within the family and community, as well as driving more equitable socioeconomic change. Women MSMEs who demonstrate strong leadership will, in turn, build economic resilience in their families and become agents of change in their communities. Therefore, gender-based MSME development programs must not overlook this aspect. Leadership capacity building needs to be positioned as an integral part of empowerment strategies—with training, mentoring, and assistance approaches that focus on the courage to lead, plan, and make visionary decisions. By developing inclusive and progressive leadership, women MSMEs not only increase their business productivity but also strengthen their social position within the dynamic and competitive local economic chain.

#### **D. The Simultaneous Influence of Work Motivation, Self-Efficacy, and Leadership Style on Business Productivity in Women-Owned MSMEs in Medan City**

The results of the simultaneous test show that work motivation, self-efficacy, and leadership style together have a significant effect on business productivity in women-owned MSMEs in Medan City. The F value of 53.147 with a significance level of 0.000 indicates that these three variables have a strong collective contribution. The R Square value of 0.634 indicates that 63.4% of the variation in productivity can be explained by this model, while the remainder is influenced by other external factors. This finding confirms that business productivity is not solely determined by a single factor, but rather the result of a synergy between psychological drive and managerial capacity of entrepreneurs. Work motivation encourages commitment and a strong work ethic, self-efficacy strengthens the courage to take risks and act independently, while leadership style determines the direction and quality of business decision-making. These three aspects work in a complementary manner, creating a solid foundation for the sustainability of women's businesses. This study supports the findings of Neolaka et al. (2024) who stated that MSME productivity is strongly influenced by the integration of psychological aspects and business leadership. Therefore, the empowerment of women's MSMEs must be designed holistically. Interventions should not only consist of technical training or capital assistance; they should also target the capacity building of entrepreneurs—both in terms of motivation, self-confidence, and leadership skills. With a comprehensive approach, women-owned MSMEs will be more resilient in facing the challenges of a dynamic and increasingly competitive market.

#### **CONCLUSION**

Research conducted on female MSMEs in Medan City shows that work motivation, self-efficacy, and leadership style have a positive and significant influence on business productivity, both partially and simultaneously. Among these three variables, self-efficacy emerged as the most dominant factor, followed by leadership style and work motivation. These findings reinforce the understanding that an individual's belief in their own abilities is the main key to increasing productivity, while effective leadership and high work motivation function as supporting factors that contribute to optimizing business performance. Simultaneously, these three variables were able to explain 63.4% of the variation in business productivity, reflecting the significant role of psychological factors and leadership in supporting the success of MSMEs managed by women. Therefore, MSME empowerment efforts need to encompass not only funding and technical aspects, but also focus on increasing work motivation, strengthening self-efficacy, and developing leadership capacity so that businesses can develop competitively and sustainably in facing constantly changing economic challenges.

#### **SUGGESTION**

Based on the findings of this study, several strategic recommendations can be implemented to encourage increased productivity in women-owned MSMEs. First, local governments and MSME support institutions are advised to design training programs that emphasize strengthening self-efficacy. These programs should not only focus on improving technical skills but also aim to develop self-confidence, independent decision-making, and risk management. Such training should be contextually structured, taking into account the social and economic realities faced by women MSMEs. Second, policies are needed to create a supportive work environment, including establishing women's business communities and providing access to mentors or inspiring female leaders. These efforts are crucial for strengthening leadership quality, which has been shown to significantly impact business productivity.

Third, work motivation can be boosted through incentives that are not solely financial, but also in the form of recognition for the achievements of female MSMEs, such as through awards, publications, and performance-based business incubation programs. Finally, financial institutions and fund providers are advised to integrate psychosocial assessments into the financing eligibility evaluation process, so that capital disbursement considers not only economic readiness but also the mental readiness and leadership skills necessary for sustainable business growth. These recommendations are expected to foster an inclusive, change-responsive, and internal capacity-building ecosystem for female MSMEs.

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