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MSME GROWTH IN A LEARNING PERSPECTIVE: AN EXAMINATION OF WORK EXPERIENCE, SELF-EFFICACY, AND FINANCIAL LITERACY

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Abstract: *This study aims to analyse the influence of work experience, self-efficacy, access to financing, financial management skills, and financial literacy on MSME growth in Karawang Regency with entrepreneurial learning as a mediating variable. This research uses a quantitative approach with a survey method of 120 MSME actors selected through purposive sampling technique. The data were analysed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with the help of SmartPLS 3 software. The results show that work experience and self-efficacy have a positive and significant direct effect on MSME growth, while access to financing, financial management skills, and financial literacy do not show a significant direct effect. However, all of the exogenous variables were shown to have significant indirect effects on business growth through entrepreneurial learning as a mediator. This finding reinforces the strategic role of Entrepreneurial Learning in bridging the influence of human and financial resources on business growth. This research provides a theoretical contribution to the development of Human Capital Theory and Entrepreneurial Learning Theory and suggests the need for MSME empowerment programme design that focuses on strengthening the entrepreneurial learning process in a practical, contextual, and sustainable manner.*

Keywords : Work Experience, Self-Efficacy, Access to Financing, Financial Management Skills, Financial Literacy, Entrepreneurial Learning, MSME Growth

INTRODUCTION

The role of financial literacy and managerial skills among MSME actors is gaining increasing attention in both developed and developing countries. According to data from the OECD (2022), approximately 60% of MSMEs in G20 countries fail to survive beyond five years due to weak financial management and low adaptability to market changes. In the United Kingdom, programs such as "Start Up Loans" and "Be the Business" have demonstrated that a combination of funding and entrepreneurial training can improve business sustainability by 35% within the first three years (Gov UK, 2025). Meanwhile, research by the World Bank (2025) indicates that entrepreneurs in countries such as Vietnam and Mexico with more than five years of work experience and high financial literacy tend to experience an average annual sales growth 23% higher than those without these two attributes.

In Indonesia, MSMEs contribute around 61.1% to GDP and absorb 97% of the national workforce (Moerdijat, 2024). However, this contribution does not yet reflect optimal productivity due to weak managerial systems and limited access to training and financing. BPS data in 2023 show that more than 70% of MSMEs lack proper bookkeeping, 65% have never participated in entrepreneurship training, and only 17% have access to formal financing. Financial literacy among MSME actors also remains low, standing at just 49.68% (OJK, 2022), below the World Bank's ideal threshold of 70%. In West Java, despite having over 6.5 million MSMEs, only about 24.7%–

30.78% have access to formal financial institutions (Bandung, 2023; Diskuk, 2023), with most operating in the culinary, fashion, and handicraft sectors with relatively simple managerial structures. Research by Ningsih et al. (2023) identified major challenges in cash flow management and financial reporting, while local government training programs have yet to reach the majority of business actors.

Karawang Regency, as a strategic industrial area in West Java, holds great potential for MSME development. Based on data from the West Java Central Bureau of Statistics 2023, there are 23,253 active MSMEs across various sectors, predominantly food and beverage, garment, and service businesses (Jabar BPS, 2025). However, only about 19% of MSME actors have more than five years of business experience. Additionally, financial literacy among MSME actors in Karawang remains low, with only 1 in 5 entrepreneurs understanding basic concepts such as net profit calculation and debt management (Aulia et al., 2024). Access to financing also continues to be a major barrier, with only a few MSMEs having ever received loans from formal financial institutions. Meanwhile, entrepreneurship training programs organized by relevant agencies have reached only 8% of the total population. These facts indicate a significant gap between the economic potential and managerial capacity of MSME actors in Karawang, posing a risk of slowing local business growth if not immediately addressed through policy interventions and learning-based mentoring.

Amid efforts to enhance the internal capacity of MSME actors to drive business growth, various studies have highlighted the influence of work experience, self-efficacy, access to financing, financial management skills, and financial literacy on MSME performance and growth. However, the findings remain notably contradictory. For example, although according to Human Capital Theory (Becker, 1964), work experience is considered a key asset in business development, Pellissier & Nenzhelele (2013) study indicating the positive impact of work experience on small business growth contradicts the findings of Farida & Setiawan (2022), who found that such experience is not significantly impactful without contextual knowledge renewal or learning processes. The same ambiguity appears with the self-efficacy variable. While Social Cognitive Theory suggests that self-efficacy is central to entrepreneurial behavior (Bandura, 1977), its practical effectiveness remains debatable. Putri & Bandi (2024) stated that self-efficacy strengthens business resilience, while (Adi et al., 2023) concluded that self-efficacy without adaptive learning support is insufficient to drive business growth. Similar inconsistencies arise in the context of financial literacy and skills, where Latif et al. (2023) emphasizes the direct effect of financial management on MSME growth, but Cania & Susdiani (2021) reveals that financial knowledge is often poorly implemented without reflective experience and continuous learning processes.

These findings suggest that various internal assets of MSME actors—whether work experience, self-efficacy, or financial literacy—do not automatically result in optimal business growth. Instead, a theoretical and empirical gap remains in understanding how these assets are processed and actualized through a transformational mechanism. In this context, entrepreneurial learning emerges as a highly potential variable to bridge this gap. Entrepreneurial Learning Theory highlights that entrepreneurship learning is dynamic, contextual, and reflective—occurring through direct experience, mistakes, and social interaction (Cope, 2005). This process enables entrepreneurs to integrate experience, self-belief, skills, and information into adaptive and innovative actions that support business growth.

While the conceptual framework aligns with existing entrepreneurship literature, its originality lies in the sectoral and geographic focus on Karawang Regency—a strategic industrial hub in West Java with over 23,000 MSMEs operating amid a manufacturing-dominated economy. Unlike other urban centers, Karawang exhibits a paradox where MSMEs coexist with global-scale industries yet face systemic barriers in financing, training, and managerial development. With only 8% of MSMEs having accessed entrepreneurship training and just 20% understanding basic financial concepts, the region offers a unique landscape for examining how internal resources are transformed into performance outcomes through entrepreneurial learning. Thus, by investigating the dynamics of MSME growth within this distinct industrial microenvironment, this study contributes context-sensitive insights into the broader entrepreneurship discourse.

Therefore, this research aims to fill an important gap in the literature. Most previous studies have only employed a direct effect approach without exploring the mechanisms of how and why inter-variable relationships occur. Moreover, the conceptual approaches have mainly relied on Human Capital Theory and Social Cognitive Theory in isolation, without integrating learning processes as a bridge from potential to performance. This study offers novelty by introducing entrepreneurial learning as a mediating variable linking work experience, self-efficacy, access to financing, financial management skills, and financial literacy to MSME growth. Accordingly, the objective of this research is to analyze the influence of work experience, self-efficacy, access to financing, financial management skills, and financial literacy on MSME growth in Karawang Regency, with entrepreneurial learning serving as the mediating variable.

THEORETICAL FRAMEWORK AND HYPOTHESES

Human Capital Theory

The grand theory underpinning this study is the Human Capital Theory, introduced by (Becker, 1964). This theory is based on the assumption that human resources represent an investment that can enhance the productivity of both individuals and organizations. In the business context, the accumulation of knowledge, skills, and work experience enhances an individual's capacity for strategic decision-making, problem-solving, and value creation. Human capital extends beyond formal education and includes training, work experience, financial literacy, and managerial skills. In this research, the theory explains that work experience, financial management skills, and financial literacy are forms of human capital that equip MSME actors with the capacity to manage, develop, and expand their businesses. However, as outlined in the background, empirical evidence shows that human capital alone is not sufficient to ensure sustainable business growth. Therefore, this theory is reinforced by middle-range frameworks that explain the actualization process of human capital in the complex dynamics of entrepreneurship.

Social Cognitive Theory and Entrepreneurial Learning Theory

As middle-range theories, this study adopts two complementary theoretical approaches: Social Cognitive Theory and Entrepreneurial Learning Theory. First, Social Cognitive Theory, developed by Wood & Bandura (1989), explains that individual behavior, environment, and cognitive processes influence each other reciprocally (reciprocal determinism). A key concept in this theory is self-efficacy, the belief in one's ability to accomplish specific tasks or achieve goals. In the MSME context, self-efficacy influences how confident entrepreneurs are in taking risks, initiating innovation, and surviving in uncertain business environments. However, confidence alone does not guarantee success without a structured and contextual learning process. This is where Entrepreneurial Learning Theory, as introduced by Cope (2005), serves as a complementary middle-range theory. It emphasizes that entrepreneurship is a continuous learning process that occurs through experience, reflection, experimentation, social interaction, and failure. Entrepreneurial learning includes formal (training), informal (trial and error), and social (mentoring, discussions, networking) learning. Thus, entrepreneurial learning acts as the mechanism that enables entrepreneurs to absorb, adapt, and apply their human capital in crafting business strategies that align with market changes.

Work Experience

Work experience is one of the most valuable forms of human capital in the MSME context, as it allows individuals to deeply understand business dynamics, formulate adaptive strategies, and avoid repeated mistakes. According to Human Capital Theory, the accumulation of work experience enhances an individual's capacity to respond to business challenges more efficiently and innovatively (Becker, 1964). Entrepreneurs with relevant work experience tend to have sharper market intuition, better problem-solving skills, and leadership capabilities shaped by past experiences (Zuhroh et al., 2025). In this study, work experience is measured using a structured questionnaire with a five-point Likert scale and three indicators: (1) the length of experience in business, indicating the quantity of business involvement; (2) the relevance of prior experience to the current business sector, assessing how applicable past roles are to the present context; and (3) the diversity of jobs or businesses previously undertaken, reflecting the breadth of practical knowledge exposure. This quantitative approach ensures clarity in evaluating how varied and relevant the respondent's past experiences are. However, without ongoing learning and knowledge renewal, experience may become obsolete amid rapidly changing business environments, which is why entrepreneurial learning is considered a critical reinforcing mechanism.

Self-efficacy

Self-efficacy refers to an individual's belief in their ability to plan, manage, and accomplish specific business-related tasks. Social Cognitive Theory identifies self-efficacy as a fundamental psychological factor influencing behavior, motivation, and persistence in facing challenges (Bandura, 1978). In MSMEs, entrepreneurs with high self-efficacy are more likely to make strategic decisions, persist through uncertainty, and actively seek business opportunities (Gómez-Jorge et al., 2025; Sarman et al., 2025). This study uses three indicators to measure self-efficacy through a five-point Likert scale: (1) belief in one's ability to run and grow a business, reflecting internal competence; (2) resilience in facing business obstacles or failures, indicating psychological endurance; and (3) optimism about future business success. Several empirical studies have demonstrated that self-efficacy significantly correlates with entrepreneurial performance, innovation adoption, and firm resilience under pressure

(Caliendo et al., 2023b). However, high self-efficacy does not automatically lead to business growth unless transformed into concrete actions through structured and contextually relevant entrepreneurial learning.

Financing Access

Access to financing is a crucial factor determining MSMEs' ability to grow in terms of production, distribution, and innovation (Agus et al., 2023; Hartono et al., 2021). Without sufficient capital support, many small businesses remain micro in scale, unable to expand or adapt. In this study, access to financing is measured through a five-point Likert scale based on three indicators: (1) ease of access to financial institutions, reflecting administrative and technical readiness; (2) the amount of financing obtained, representing actual financial capacity; and (3) the variety of funding sources used, including personal capital, government loans (e.g., Kredit Usaha Rakyat/KUR), cooperatives, banks, and fintech, indicating financial diversification. While access to capital provides the foundation for investment and growth, empirical findings suggest that its impact is limited unless accompanied by managerial skills and reflective learning. Entrepreneurial learning serves as the bridge to maximize the benefit of financing, equipping entrepreneurs with the knowledge and discipline to manage and allocate funds strategically and sustainably.

Financial Management Skills

Financial management skills refer to the entrepreneur's ability to systematically and efficiently organize, manage, and evaluate business financial activities (Novita et al., 2024; Sitinjak et al., 2023). These skills are an advanced form of financial literacy focused on real-world application. Within the Human Capital Theory framework, financial skills are considered productive assets that directly influence operational decision-making. In this study, financial management skills are measured using three Likert-based indicators: (1) ability to prepare business budgets, as a measure of planning capability; (2) ability to manage and record cash flow, reflecting financial control and liquidity awareness; and (3) ability to evaluate financial reports and make strategic decisions based on them. While these skills are vital, their effectiveness in driving growth is contingent on the entrepreneur's capacity to adapt and apply them through active entrepreneurial learning. Without this reflective application, such skills risk remaining theoretical or underutilized in everyday business operations.

Financial Literacy

Financial literacy provides the conceptual foundation that enables entrepreneurs to understand the risks, costs, and benefits of financial decisions (Lusardi, 2019). It includes the comprehension of basic economic and financial concepts such as compound interest, inflation, investment risk, and product differentiation in financial services. This study uses three Likert-scaled indicators to measure financial literacy: (1) understanding of basic financial concepts; (2) ability to distinguish between financial products (e.g., business loans, savings, insurance, digital loans); and (3) awareness of the benefits and risks of business financing or investment. According to the OECD, such knowledge forms part of a critical foundation for long-term financial behavior and business sustainability (OECD, 2025). However, the effectiveness of financial literacy in influencing business growth depends on whether the knowledge is internalized and actively applied, which again highlights the centrality of entrepreneurial learning in converting abstract knowledge into strategic practice.

Entrepreneurial Learning

Entrepreneurial learning is a continuous process in which entrepreneurs build, renew, and adapt their knowledge through interactions with experiences, environments, and business communities (Nogueira, 2019). Entrepreneurial Learning Theory by Cope (2005) positions learning as both formal (e.g., training programs), informal (e.g., trial and error), and social (e.g., mentoring and peer networking). In this study, entrepreneurial learning is measured using four indicators via a Likert scale: (1) participation in training or business development programs; (2) application of new knowledge and skills in business activities; (3) reflection on past business experiences as a strategy development tool; and (4) innovation derived from learning processes. Entrepreneurial learning is treated as a mediating variable, explaining how human capital (experience, skills, literacy) and psychological assets (self-efficacy) are translated into concrete, adaptive behaviors that foster business growth. Without this active learning dimension, internal resources remain static and may fail to generate sustainable performance outcomes.

MSME Growth

In this research, MSME growth is understood as a measurable and sustainable increase in business scale, financial outcomes, and operational capabilities. It reflects the culmination of internal strengths, strategic decisions, and learning processes. Growth is measured using three indicators via a five-point Likert scale: (1) increased revenue or business income; (2) increase in number of employees, indicating expansion of production and organizational capacity; and (3) market or customer base expansion, suggesting successful penetration and adaptability. MSME growth serves as the ultimate outcome of this study, representing the integration of human capital, financial inputs, psychological readiness, and entrepreneurial learning processes. This multidimensional perspective aligns with the current need for MSMEs to not only survive but also adapt and scale sustainably in complex and competitive environments (Ledesma-Chaves & Jorge Arenas-Gaitán, 2023; Susanti et al., 2023).

The Relationship between Research Variables

This study is built on an integrative theoretical framework. Human Capital Theory provides the foundation that investments in skills, knowledge, and experience can enhance individual and organizational economic productivity (Becker, 1964). Social Cognitive Theory complements this by emphasizing self-efficacy—confidence in one's ability—as a driver of behavior, shaped by personal, environmental, and behavioral interactions (Bandura, 1977). However, both theories have limitations in explaining how human capital or psychological beliefs translate into actions that directly impact business performance. Here, Entrepreneurial Learning Theory becomes vital as a middle-range theory that explains the dynamic learning processes enabling entrepreneurs to absorb experiences, reflect on failures, and innovate through social interactions and market situations (Cope, 2005). Based on these three theories and empirical findings with varied results, the following hypotheses are proposed:

In Human Capital Theory, work experience is seen as an accumulation of knowledge gained through direct involvement in diverse and contextual work activities (Becker, 1964). The longer and more relevant the experience in running or managing a business, the higher the likelihood of having market intuition, adaptive skills, and the ability to assess business risks and opportunities. Such experience is a primary source of tacit knowledge—knowledge gained through practice rather than theory. Othman et al. (2019) found that work experience significantly influences the stability and expansion of small businesses in Kelantan. However, Amankwah-Amoah & Wang (2019) argued that prior experience has no significant impact when entrepreneurs fail to adapt it to new market conditions. Therefore, experience alone doesn't guarantee growth but serves as a foundation for decision-making quality and operational efficiency in dynamic business environments.

Hypothesis 1: Work experience has a positive effect on MSME growth.

According to Social Cognitive Theory, self-efficacy—the individual's belief in their ability to accomplish specific tasks—is a psychological driver of purposeful and persistent action (Wood & Bandura, 1989). In the MSME context, entrepreneurs with high self-efficacy are more willing to take risks, more resilient in the face of failure, and more proactive in solving business challenges. This belief underpins what is known as entrepreneurial resilience. Research by Sarman et al. (2025) confirmed that entrepreneurs with high self-efficacy are more likely to grow in fluctuating business environments. However, Caliendo et al. (2023a) showed that self-efficacy alone doesn't guarantee success if not supported by technical skills and a conducive learning environment. Thus, while self-efficacy serves as a psychological enabler, its effectiveness depends on how it is actualized in practice.

Hypothesis 2: Self-efficacy has a positive effect on MSME growth.

In entrepreneurship studies, access to financing is often seen as a key lever for business growth, enabling MSMEs to increase working capital, acquire assets, and expand distribution networks. From the Human Capital Theory perspective, however, financing yields productivity only if entrepreneurs possess the capability to manage it strategically. Financing is thus a tool, not an end. Marbun (2024) found that formal financing access, such as through government credit programs (KUR), significantly improves turnover for MSMEs with good financial literacy and recordkeeping. In contrast, Luhgiatno et al. (2022) noted that financing without mentoring often leads to a rise in non-performing loans. These findings suggest that the impact of financing is highly context-dependent. Generally, MSMEs with flexible financing access and strategic fund usage tend to grow faster.

Hypothesis 3: Financing access has a positive effect on MSME growth.

Financial management skills are technical elements in business operations, reflecting systematic thinking that allows entrepreneurs to maintain liquidity, minimize waste, and plan for long-term growth. In Human Capital Theory, skills like budgeting, transaction recording, and financial reporting are part of functional capital—operational capabilities that directly affect efficiency. Chaidir et al. (2023) noted that MSMEs with strong financial skills tend to have more stable profit growth and are more resilient to external shocks. However, Badria & Hasanah (2024) highlighted that many MSMEs possess basic financial knowledge but fail to implement it due to low motivation or a lack of transparency in business environments. Thus, while not a guarantee, financial skills are essential for building a sound financial foundation.

Hypothesis 4: Financial management skill has a positive effect on MSME growth.

Within the Human Capital Theory framework, financial literacy is considered cognitive knowledge gained through learning and experience, which can enhance individual productivity (Becker, 1964). It involves understanding concepts such as interest, inflation, risk, and investment, and the ability to make logical, strategic economic decisions that affect business stability and growth. In MSMEs, financially literate entrepreneurs are more cautious with capital, more efficient in financial structuring, and more adaptable to micro- and macroeconomic dynamics. Rahman et al. (2021) found a direct link between financial literacy and individual financial behavior and success. Herrera, Hererra et al. (2023) also found that MSMEs in developing countries with high financial literacy experienced more stable growth. However, other studies revealed that financial literacy often fails to translate into results when not actively integrated into business practices (Imjai et al., 2025; Rapina et al., 2023). Nevertheless, both theoretical and empirical evidence support the hypothesis that financial literacy positively influences business growth, especially when applied in long-term strategic decision-making.

Hypothesis 5: Financial literacy has a positive effect on MSME growth.

Entrepreneurial Learning Theory posits that entrepreneurship is not merely an economic activity, but rather a complex, dynamic, and self-development-oriented learning process (Cope, 2005). Entrepreneurs who actively learn from experience—whether through success or failure—tend to develop reflective and adaptive mindsets that are crucial for navigating market uncertainty. Entrepreneurial learning can be acquired through formal training, trial-and-error, mentoring, peer discussions, and reflections on crises encountered. This process enables MSME actors to refine business strategies, evaluate financial mistakes, and innovate products or business models. In practice, entrepreneurs with reflective and experiential skills have proven more resilient in recovering from failure and more capable of seizing new market opportunities (Corner et al., 2017). A study by Corbett (2005) further indicates that experiential learning directly contributes to business growth by enhancing confidence, competence, and decision-making agility. In Indonesia, experiential-based entrepreneurship training has positively influenced the mindset shift of MSME actors from merely surviving to actively growing (Ratnaningtyas et al., 2025). Therefore, both theoretically and empirically, entrepreneurial learning can be assumed to have a direct impact on MSME growth as it functions as a driver for internalizing knowledge and triggering strategic behavioral changes in business.

Hypothesis 6: Entrepreneurial learning has a positive effect on MSME growth.

Work experience provides a rich empirical foundation for entrepreneurs in understanding business processes, decision-making, and risk responses. However, from the perspective of Human Capital Theory, experience alone does not necessarily lead to business growth if not accompanied by the ability to interpret and adapt that experience to new business challenges. This is where Entrepreneurial Learning Theory plays an essential role. Cope (2005) states that entrepreneurial learning enables entrepreneurs to reflect on past experiences, extract contextual knowledge, and transform it into practical innovation. Gabrielsson & Politis (2012) reinforces this view by showing that entrepreneurs with long work experience but without additional learning do not show significant business growth compared to those with shorter experience but active learning engagement. Thus, it is assumed that work experience positively influences business growth when processed through active and reflective entrepreneurial learning, which turns past experiences into future strategies.

Hypothesis 7: Work experience positively affects MSME growth through entrepreneurial learning.

Self-efficacy plays a crucial role in encouraging MSME actors to take initiative and persevere through adversity, as proposed by Bandura in Social Cognitive Theory. However, high self-confidence without proper guidance may lead to counterproductive overconfidence. In this context, entrepreneurial learning serves as a channel that directs self-efficacy toward constructive business behavior. Cope (2005) explains that entrepreneurial learning strengthens technical abilities while fostering a reflective and empathetic mindset that sharpens entrepreneurial instincts. A study by Deliana (2023) emphasizes that self-efficacy only impacts business performance when entrepreneurs have a learning environment that supports mature decision-making. Hence, through entrepreneurial learning, self-efficacy becomes an internal belief and a driving force that is guided by experiential learning toward more purposeful and sustainable business growth.

Hypothesis 8: Self-efficacy positively affects MSME growth through entrepreneurial learning.

Generally, access to financing is perceived as the primary solution to MSMEs' capital constraints. However, within the framework of Human Capital Theory, available capital does not necessarily lead to growth unless accompanied by managerial capabilities to manage it effectively. Numerous cases show that financing without competency enhancement results in overtrading, fund misallocation, or even bankruptcy. This is where entrepreneurial learning becomes critical. Cope & Watts (2000) emphasize the need for entrepreneurs to learn how to acquire and strategically utilize funding. Kwartawaty et al. (2023) notes that MSMEs that received post-financing financial management training showed significantly higher revenue growth compared to those that did not. Therefore, it can be assumed that access to financing will positively impact business growth only if MSME actors utilize it as a strategic learning tool through entrepreneurial learning.

Hypothesis 9: Financing access positively affects MSME growth through entrepreneurial learning.

Financial management skills are a vital technical dimension for business success, ranging from transaction recording to financial statement analysis. In Human Capital Theory, these skills are considered intellectual assets that enhance efficiency and business decision-making. However, a study by Ashshiddiqi & Rahmat (2022) found that many MSME actors possess financial management skills but fail to apply them in practice due to the absence of a learning process that frames their strategic use. Through the lens of Entrepreneurial Learning Theory, financial skills are retained, expanded, tested, and adjusted in accordance with business environment dynamics through reflective and experimental practices. Therefore, financial management skills will optimally contribute to business growth when continuously developed through structured and contextual learning experiences.

Hypothesis 10: Financial management skills positively affect MSME growth through entrepreneurial learning.

Financial literacy is a form of knowledge capital that provides the foundation for smart financial decision-making. However, as explained by Lusardi & Mitchell (2011), financial literacy does not guarantee action unless accompanied by applied understanding and implementation in real business contexts. In this context, entrepreneurial learning serves as a transformative means for MSME actors to integrate financial knowledge with real-world experiences. Cope (2005) refers to this process as “learning through doing,” which converts theory into practice. A study by Subekti et al. (2022) shows that MSME actors actively involved in learning communities and training programs are more likely to implement financial literacy in capital management, investment planning, and risk control. Thus, financial literacy will have a greater impact on business growth when such knowledge is bridged by entrepreneurial learning processes that are relevant to field conditions.

Hypothesis 11: Financial literacy positively affects MSME growth through entrepreneurial learning.

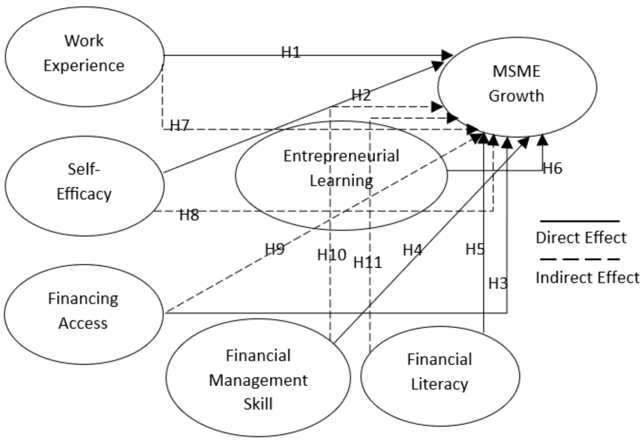

Figure 1. Research Model

In summary, this study integrates Human Capital Theory, Social Cognitive Theory, and Entrepreneurial Learning Theory to construct a comprehensive model explaining MSME growth. While human capital and psychological confidence are recognized as essential drivers, their actual impact depends on how entrepreneurs process and apply them through continuous learning. Entrepreneurial learning, therefore, serves as the transformation mechanism that enables experience, efficacy, skills, and knowledge to translate into adaptive strategies and sustainable growth. This study contributes to a more nuanced understanding of how internal and external resources interact in shaping MSME trajectories by examining these variables in the industrially dynamic context of Karawang Regency.

RESEARCH METHODS

Research Design

This study employs a quantitative approach with a causal-comparative design to analyze both direct and indirect effects among the investigated variables. A quantitative approach is selected as it allows for the objective measurement of relationships among constructs such as work experience, self-efficacy, financing access, financial management skills, financial literacy, entrepreneurial learning, and MSME growth. The research is explanatory in nature, aiming to explain causal relationships based on hypothesis testing grounded in well-established theoretical frameworks. To collect the required data systematically and efficiently, a survey method was applied using an online questionnaire distributed via Google Forms. The survey was conducted from October to December 2024, targeting MSME actors in Karawang Regency.

Each variable in the study was measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). This scaling ensures uniform interpretation of indicator statements and facilitates reliable statistical analysis. The constructs are operationalized into several indicators developed based on prior empirical and theoretical studies. Work experience is measured by the length, relevance, and diversity of past employment. Self-efficacy includes indicators such as confidence, resilience, and optimism for business success. Financing access includes ease of application, amount received, and financing sources. Financial management skills are assessed by budgeting ability, cash flow management, and financial analysis capacity. Financial literacy is captured through understanding of financial concepts, product differentiation, and risk-benefit comprehension. Entrepreneurial learning includes training participation, application of knowledge, reflective learning, and innovation development. Finally, MSME growth is evaluated through business income growth, employee number growth, and market expansion. All indicators were translated into concise, operational statements to ensure clarity and consistency in measurement.

The results of this research are expected to provide practical recommendations for strengthening MSME resilience and competitiveness in Karawang Regency. These include evidence-based inputs for designing entrepreneurship education, financial literacy training, and targeted financing schemes. Ethical considerations were also addressed; all respondents provided informed consent prior to participation. Respondents were assured that their identities would remain anonymous and that the data would be used solely for research purposes, complying with ethical standards of confidentiality and voluntary participation.

Research Sample

The population of this study comprises active owners or managers of Micro, Small, and Medium Enterprises (MSMEs) operating in Karawang Regency, West Java. According to the 2023 data from the Central Bureau of Statistics of West Java Province, there are 23,253 MSME units actively engaged in diverse sectors such as food and beverage, services, garment, retail, and creative industries. Given the extensive population and the practical limitations in reaching every business unit, a purposive sampling technique was employed. This non-probability method was chosen to ensure that only individuals possessing characteristics directly relevant to the research objectives—such as managerial experience and operational maturity—were selected.

Inclusion criteria included: (1) MSMEs that have operated for a minimum of two years, (2) owners or managers who are directly involved in strategic and operational decisions, and (3) respondents who were literate in digital communication and capable of independently completing the online survey. Exclusion criteria encompassed businesses with incomplete financial records, those not actively operating during the research period, and those whose owners had never participated in any form of training or development program. The formulation of these criteria was based on consultations with local MSME development officers and academic experts to ensure contextual relevance and practical applicability.

To ensure that the sample reflected the diversity of the MSME ecosystem in Karawang, the researchers considered sectoral distribution, business size, and geographic representation across sub-districts. Using power analysis, a sample size threshold of 100–150 was set, based on the model complexity and requirements of SEM-PLS. Ultimately, 120 complete and valid responses were collected. Data reliability was ensured through a pretest involving 20 MSME actors outside the sample frame, use of single-submission validation via phone number authentication, and internal consistency checks embedded in the questionnaire design. Automatic validation features in Google Forms were also enabled to prevent submission of incomplete or logically inconsistent responses.

Data Analysis

The data obtained were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS), executed through SmartPLS software version 3.2.9. SEM-PLS is deemed appropriate for this study due to its ability to estimate complex models involving both direct and indirect relationships, its flexibility in handling reflective and formative constructs, and its tolerance for non-normally distributed data. This method is especially well-suited for small to medium sample sizes, making it ideal for the current sample of 120 respondents.

The data analysis process consisted of two main stages: (1) evaluation of the outer model and (2) evaluation of the inner model. Outer model assessment focused on testing convergent validity through factor loadings (acceptable if > 0.70) and Average Variance Extracted (AVE) values (minimum 0.50), as well as reliability through Cronbach's Alpha and Composite Reliability (acceptable if > 0.70). Discriminant validity was assessed using the Fornell-Larcker criterion, cross-loadings, and HTMT ratios.

The inner model analysis aimed to test structural relationships between latent variables. This included examining the R-square (R^2) to assess the explanatory power of endogenous variables, the Q-square (Q^2) to evaluate predictive relevance, and path coefficients to determine the significance and strength of relationships. Hypothesis testing was conducted using bootstrapping with 5,000 resamples to generate t-statistics and p-values. A hypothesis is accepted if the t-value exceeds 1.96 at a 5% significance level. Additionally, the mediating effect of entrepreneurial learning was assessed using an indirect effect analysis framework within the structural model, in line with Hair et al. (2011) approach and complemented by the Sobel test for mediation.

Missing data were handled using mean substitution if the missingness was below 5%; otherwise, the affected case was excluded. Multivariate outliers were screened using Mahalanobis distance, and outlier responses that caused significant model distortion were removed.

Table 1. Demographic Characteristics of Respondents

Demographic Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Male	60	50.0
	Female	60	50.0
Age	< 25 years	12	10.0
	25–35 years	40	33.3
	36–45 years	45	37.5
	> 45 years	23	19.2
Highest Education Level	Junior High School or equal	6	5.0
	Senior High School/Vocational	48	40.0
	Diploma/Bachelor's Degree	55	45.8
	Master's/Doctoral Degree	11	9.2
Length of Business Operation	< 2 years	10	8.3
	2–5 years	42	35.0
	6–10 years	38	31.7
	> 10 years	30	25.0
Business Scale	Micro	62	51.7
	Small	45	37.5
	Medium	13	10.8
Business Sector	Culinary	35	29.2
	Fashion	28	23.3
	Handicraft	16	13.3
	Services	21	17.5
	Trade	20	16.7
Previous Work Experience	None	18	15.0
	1–3 years	34	28.3
	4–7 years	38	31.7
	> 7 years	30	25.0
Attended Business Training	Yes	76	63.3
	No	44	36.7
Main Source of Financing	Personal Capital	42	35.0
	KUR/Bank	39	32.5
	Cooperative	22	18.3
	Fintech/Others	17	14.2
Total		120	100

Source: (Data processing, 2025)

The demographic profile of the respondents reveals several dominant characteristics that provide meaningful context for interpreting the study's findings. The nearly equal gender distribution underscores balanced participation from both male and female entrepreneurs, which may contribute to diverse perspectives and approaches within MSME management and decision-making processes. The concentration of respondents in the 36–45 age bracket suggests that most entrepreneurs are relatively mature and likely possess a blend of life and professional experience, potentially enhancing their business resilience and strategic thinking. Educationally, the prevalence of Diploma and Bachelor's degree holders indicates a fairly well-educated sample, which could correlate with greater openness to innovation and adoption of new business practices. Most enterprises have been operating for 2–5 years, a critical phase where businesses typically face challenges related to market positioning and scalability; thus, the insights gathered may reflect the dynamics of growth-stage MSMEs rather than startups or well-established firms. The dominance of micro-scale enterprises aligns with the national MSME landscape, emphasizing the need to tailor policy and support mechanisms to this segment's unique challenges. The prominence of the culinary sector among respondents likely reflects consumer market stability but might also limit the generalizability of findings to other sectors with different competitive pressures or resource demands. With many entrepreneurs having 4–7 years of prior work experience, their accumulated skills and industry knowledge are likely to positively influence business operations and adaptability. The high rate of participation in business training highlights a proactive approach toward capacity building, which could enhance the effectiveness of knowledge-based interventions examined in the study. Finally, the reliance on personal capital for funding underscores ongoing limitations in access to external financial resources, a factor that might constrain growth potential but also suggests a high level of self-reliance and risk tolerance among respondents. Collectively, these demographic characteristics frame the study's context and suggest that results will be most applicable to similarly educated, moderately experienced, growth-phase micro enterprises, particularly within consumer-driven sectors like culinary business.

RESULTS AND DISCUSSION

Outer Model Evaluation

The evaluation of the measurement model is a crucial initial step in SEM-PLS analysis, as it aims to ensure that the indicators used accurately represent the latent constructs being measured. In this study, assessments were carried out for convergent validity, discriminant validity, and construct reliability.

Convergent Validity

Convergent validity was assessed using three main criteria: loading factor values (>0.70), Average Variance Extracted (AVE >0.50), and construct reliability through Composite Reliability (>0.70) and Cronbach's Alpha (>0.60). All indicators in this study demonstrated loading factor values above the minimum threshold of 0.70, indicating that each indicator item has a strong capacity to explain the intended variable. Furthermore, all constructs showed AVE values greater than 0.50, signifying that more than half of the indicator variance can be explained by the latent construct. Therefore, it can be concluded that all constructs meet the criteria for adequate convergent validity and are suitable for proceeding to structural model analysis. Detailed results are presented in Table 2.

Table 2. Outer Model Measurement Results

Variable	Item	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Work Experience (WE)	WE.1	0.82	0.77	0.78	0.65
	WE.2	0.81			
	WE.3	0.77			
Self-Efficacy (SE)	SE.1	0.80	0.74	0.76	0.64
	SE.2	0.79			
	SE.3	0.74			
Financing Access (FA)	FA.1	0.83	0.73	0.75	0.63
	FA.2	0.75			
	FA.3	0.77			
Financial Management Skills (FMS)	FMS.1	0.79	0.72	0.75	0.62
	FMS.2	0.79			
	FMS.3	0.76			
Financial Literacy (FL)	FL.1	0.78	0.73	0.77	0.64
	FL.2	0.78			
	FL.3	0.77			
Entrepreneurial Learning (EL)	EL.1	0.80	0.71	0.74	0.62
	EL.2	0.75			
	EL.3	0.73			
MSME Growth (MG)	BG.1	0.82	0.72	0.72	0.61
	BG.2	0.76			
	BG.3	0.79			

Source: *Output* Smart-PLS 3.0 (Data processing, 2025)

Discriminant Validity

Discriminant validity was then evaluated to ensure that the constructs used in the model are conceptually and empirically distinct. Three approaches were employed in a triangulated manner: the Fornell-Larcker criterion, cross-loading values, and the Heterotrait-Monotrait Ratio (HTMT). According to the Fornell-Larcker criterion, the square root of the AVE for each construct was greater than the inter-construct correlations, indicating that each construct could sufficiently distinguish itself from others. In the cross-loading test, all indicators showed the highest loading on their respective constructs compared to others, supporting discriminant validity. Additionally, all HTMT ratios were below the threshold of 0.85, further confirming that the constructs are distinct and not affected by multicollinearity. Hence, all three discriminants validity approaches consistently support the validity of the constructs in the measurement model. Further details are presented in Tables 3.

Table 3. Fornell-Larcker Criterion Results and Heterotrait-Monotrait Ratio (HTMT) Values

Construct	**Fornell-Larcker Criterion Results**							**Heterotrait-Monotrait Ratio (HTMT) Values**						
	WE	SE	FA	FMS	FL	EL	MG	WE	SE	FA	FMS	FL	EL	MG
Work Experience (WE)	0.80							—						
Self-Efficacy (SE)	0.36	0.80						0.43	—					
Financing Access (FA)	0.43	0.40	0.81					0.47	0.44	—				
Financial Management Skills (FMS)	0.38	0.37	0.40	0.79				0.42	0.40	0.42	—			
Financial Literacy (FL)	0.36	0.39	0.38	0.41	0.80			0.39	0.43	0.42	0.43	—		
Entrepreneurial Learning (EL)	0.44	0.38	0.41	0.42	0.43	0.78		0.49	0.42	0.45	0.46	0.45	—	
MSME Growth (MG)	0.47	0.41	0.43	0.40	0.39	0.48	0.78	0.51	0.44	0.46	0.45	0.44	0.49	—

Source: *Output* Smart-PLS 3.0 (Data processing, 2025)

Construct Reliability

Construct reliability was tested to assess the internal consistency of the indicators in measuring each variable. The Composite Reliability values across all constructs ranged from 0.72 to 0.78, while Cronbach's Alpha ranged from 0.71 to 0.77. These values exceeded the minimum acceptable thresholds (0.70 for Composite Reliability and 0.60 for Cronbach's Alpha), indicating that all constructs demonstrated good reliability. Thus, the measurement model in this study has shown sufficient reliability and validity and is deemed appropriate for structural model evaluation to examine the relationships among latent variables. See Table 2 for details.

Inner Model Evaluation

Once it is confirmed that all constructs exhibit good validity and reliability, the next step is to evaluate the structural model, which represents the causal relationships between constructs in the research framework. This evaluation includes the analysis of R-square (R^2) values, Q-square (Q^2) values, and hypothesis testing through path coefficients, t-statistics, and p-values.

R-square

R-square values indicate the proportion of variance in the endogenous constructs that can be explained by the exogenous constructs. The results show that the construct Entrepreneurial Learning has an R^2 value of 0.588, meaning that Work Experience, Self-Efficacy, Financing Access, Financial Management Skills, and Financial Literacy collectively explain 58.8% of the variance in entrepreneurial learning. Meanwhile, the MSME Growth construct has an R^2 value of 0.593, indicating that the combination of these variables and entrepreneurial learning explains 59.3% of the variance in MSME growth. According to Hair et al. (2011), R^2 values above 0.50 are considered moderate to strong, indicating that the model structure provides a strong explanation of the empirical reality observed among MSMEs in Karawang. See Table 4 for more details.

Table 4. Coefficient of Determination (R^2) Results

No	**Endogen Variable**	**R-Square**
1	EL	0,58
2	MG	0,59

Source: *Output* Smart-PLS 3.0 (Data processing, 2025)

Q^2 Predictive Relevance

Q-square is used to measure the model's predictive capability. A positive Q^2 value indicates good predictive relevance. Based on the formula: $Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$. The result is:

$Q^2 = 1 – (1 – 0.588) \times (1 – 0.593)$
$Q^2 = 1− (0.412) \times (0.407)$
$Q^2 = 1 – 0.167684$
$Q^2 = 0.832$.

This result indicates that the model has very strong predictive relevance and is capable of accurately explaining observed variations.

Hypothesis Testing

Hypothesis testing was conducted by examining the values of the path coefficients, t-statistics, and p-values. A hypothesis is considered accepted if the t-value > 1.96 and the p-value < 0.05. As shown in Table 5, out of the eleven proposed hypotheses, eight were found to be significant and three were rejected. The accepted hypotheses include H1, H2, H6, and all mediation hypotheses (H7 to H11). This indicates that Work Experience and Self-Efficacy have a direct positive effect on business growth. Entrepreneurial Learning also has a direct positive effect on MSME Growth and mediates the relationship between Work Experience, Self-Efficacy, Financing Access, Financial Management Skills, and Financial Literacy on MSME Growth.

However, hypotheses H3, H4, and H5, which state that Financing Access, Financial Management Skills, and Financial Literacy directly affect MSME Growth, were rejected. This finding is noteworthy, as it suggests that even though MSMEs may have adequate access to financing, managerial skills, and financial literacy, these factors alone do not necessarily lead to MSME growth unless they are channeled through a systematic and reflective entrepreneurial learning process. In other words, knowledge and resources alone are not sufficient; the process of internalization and learning becomes the key to transforming these potentials into tangible business performance. This reinforces the importance of Entrepreneurial Learning Theory by Cope (2005) in the MSME context, where success is not only determined by technical assets or capabilities but also by the entrepreneur's ability to continuously learn, adapt, and innovate based on lived experiences.

Table 5. Results of Hypothesis Testing Using SEM-PLS

Hypothesis	Relationship Between Variables	Path Coeff	t-value	p-value	Decision
H1	Work Experience → MSME Growth	0.35	4.81	0.00	Accepted
H2	Self-Efficacy → MSME Growth	0.29	4.50	0.00	Accepted
H3	Financing Access → MSME Growth	0.16	1.64	0.10	Rejected
H4	Financial Management Skills → MSME Growth	0.11	1.29	0.19	Rejected
H5	Financial Literacy → MSME Growth	0.10	1.20	0.23	Rejected
H6	Entrepreneurial Learning → MSME Growth	0.46	3.98	0.01	Accepted
H7	WE → EL → MG (Mediation of Work Experience)	0.31	3.58	0.02	Accepted
H8	SE → EL → MG (Mediation of Self-Efficacy)	0.21	3.41	0.02	Accepted
H9	FA → EL → MG (Mediation of Financing Access)	0.22	3.24	0.03	Accepted
H10	FMS → EL → MG (Mediation of Financial Management Skills)	0.28	3.56	0.02	Accepted
H11	FL → EL → MG (Mediation of Financial Literacy)	0.25	3.347	0.027	Accepted

Source: *Output* Smart-PLS 3.0 (Data processing, 2025)

DISCUSSION

The relationship between work experience and MSME growth

The hypothesis testing results indicate that Work Experience has a positive and significant effect on MSME Growth in Karawang Regency, as shown by a path coefficient of 0.35, a t-statistic of 4.81, and a p-value of 0.00. These findings provide empirical support for the theoretical assumption that adequate work experience enables micro, small, and medium entrepreneurs to operate their businesses more efficiently, adaptively, and innovatively. In this study, the Work Experience variable was measured through three main indicators: length of work experience, relevance of work experience to the business field, and diversity of previous job types. Meanwhile, MSME Growth was measured based on business income growth, increase in the number of employees, and market expansion achieved during business operations.

This finding is consistent with the framework of Human Capital Theory, which states that work experience is a form of human capital representing the accumulation of knowledge, skills, and habits acquired through work, ultimately enhancing productivity and an individual's ability to manage and develop a business (Becker, 1964). In this context, MSME actors with longer and more relevant work experience—whether as former employees or previous business managers—are more capable of identifying market opportunities, developing operational strategies, managing risks, and making wiser business decisions. This shows that work experience is not just a passive asset, but also a form of tacit knowledge that serves as a strategic resource for business growth.

Furthermore, this finding is reinforced by the demographic data of respondents in the study. Out of the 120 MSME entrepreneurs surveyed, 38 (31.7%) had between 4–7 years of work experience, and another 30 (25%) had more than 7 years of experience prior to starting their business. This indicates that most respondents had a strong practical foundation before launching their ventures, likely shaping a mature entrepreneurial mindset and high adaptability to both local and national market dynamics. In contrast, only 15% of respondents had no prior work experience, strengthening the conclusion that work experience is a significant differentiator in the performance and growth of MSMEs in the area.

This result also aligns with previous empirical studies. Prior work experience has been shown to positively influence the productivity and innovation levels of MSME actors in Indonesia (Harahap et al., 2024). Similar findings were confirmed in research indicating that small business owners with strong professional backgrounds tend to have better business planning and decision-making abilities than those without formal work experience (Ma et al., 2021). Theoretically, these findings also relate to the Entrepreneurial Learning Theory (a middle-range theory), which emphasizes the importance of reflective, experience-based learning in the entrepreneurial process. Work experience enhances technical skills, provides the cognitive and emotional frameworks needed to respond to market challenges (Cope, 2005), and enables MSME actors to learn quickly from mistakes, critically evaluate opportunities, and develop strategies based on past experiences. Thus, work experience forms a vital foundation for accelerating entrepreneurial learning and fostering sustainable business growth.

The relationship between self-efficacy and MSME growth

The structural model analysis results indicate that Self-Efficacy has a positive and significant effect on MSME Growth in Karawang Regency. Based on the SEM-PLS output, the path coefficient is 0.29, with a t-statistic of 4.50 and a p-value of 0.00, which indicates that the relationship is significant at the 95% confidence level. In this study, the Self-Efficacy variable is measured using three main indicators: (1) belief in the ability to run a business, (2) resilience in facing business challenges, and (3) belief in the success and outcomes of the business in the future. Meanwhile, MSME Growth is assessed through indicators such as increased business income, additional employees, and expanded market reach. These findings substantiate that MSME actors with high self-confidence in their entrepreneurial capabilities tend to achieve greater success in growing their businesses.

This finding aligns with the framework of Social Cognitive Theory, which posits that Self-Efficacy is an individual's perception of their capability to effectively perform a specific task (Bandura, 1977). In the MSME context, Self-Efficacy is a key psychological factor that drives initiative, persistence, and strategic action in facing entrepreneurial challenges. Individuals with high self-efficacy are more capable of managing their emotions under market pressure, less likely to give up when experiencing failure, and possess stronger internal motivation to achieve success. These three aspects directly contribute to business performance, including operational efficiency, boldness in making expansion decisions, and adaptability to market changes. In other words, Self-Efficacy acts as a "psychological engine" that enhances the action capacity of MSME actors.

This correlation is further supported by respondents' demographic data, particularly in terms of age and education level. According to the demographic table, 45 respondents (37.5%) are in the productive age group of 36–45 years, and 55 respondents (45.8%) have completed D3 or undergraduate (S1) education. These groups are generally assumed to possess mental maturity, organizational experience, and conceptual understanding that enable the optimal development of Self-Efficacy. The combination of productive age and formal education background helps build internal confidence and optimism in navigating market complexities. This also confirms that psychological factors such as Self-Efficacy are not solely shaped by work experience or formal training, but also by educational socialization and life experience as a whole.

These findings are also supported by several previous studies examining the relationship between self-efficacy and business success. Entrepreneurs with high levels of self-efficacy show greater resilience in sustaining their businesses, even under significant economic pressure (Angeles, 2024). Self-Efficacy is identified as a dominant factor distinguishing MSMEs that survive and grow from those that stagnate (Caliendo et al., 2023b). Conversely, research also emphasizes that low self-efficacy hinders innovation adoption and long-term planning (Yan, 2022). This suggests that Self-Efficacy is not only a success factor but also a strategic differentiator in business growth. Therefore, the findings from MSMEs in Karawang are not isolated but are part of a logical and empirically supported pattern found in various regions and academic disciplines.

Conceptually, these findings can also be reinforced through the Entrepreneurial Learning Theory as a Middle Range Theory, which posits that entrepreneurship is essentially a learning process based on experience and reflection (Cope, 2005). Self-Efficacy becomes an essential prerequisite in this learning process, as only individuals with strong belief in themselves are able to interpret failure as a learning opportunity rather than a threat. In this context, Self-Efficacy directly affects business growth by serving as cognitive capital that facilitates continuous learning and strategic adaptation within the business dynamic. This aligns with the reality of MSME actors, who often face market uncertainty, intense competition, and limited resources.

The relationship between financing access and MSME growth

Although the hypothesis testing results indicate that the relationship between Financing Access and MSME Growth is not directly significant (path coefficient 0.16; t-value 1.64; p-value 0.10), it is important to further examine the conceptual and empirical aspects of this finding. In this study, Financing Access was measured using three main indicators: (1) ease of access to financial institutions, (2) the amount of financing obtained, and (3) types of financing sources used, including personal capital, banking loans (KUR), cooperatives, and fintech. On the other hand, MSME Growth was assessed based on indicators such as business revenue increase, additional workforce, and market expansion. The finding that financing access does not directly and significantly affect MSME growth highlights that, in the context of Karawang Regency, financing must be combined with managerial capabilities and entrepreneurial learning to generate meaningful growth.

According to Human Capital Theory, financial resources such as financing are only one component of the overall capital required by entrepreneurs (Becker, 1964). Financial capital will contribute to productivity only when used optimally by individuals with managerial skills, business knowledge, and risk management capabilities. While access to financing opens opportunities to increase working capital, production capacity, or market expansion, without an understanding of financial structures and appropriate funding strategies, the acquired financing can instead become a burden that increases the risk of business failure. Therefore, it is unsurprising that the quantitative results show financing alone, without accompanying learning and reflection, does not directly contribute to business growth.

Although statistically not directly significant, the demographic analysis of respondents reveals that financing access still forms a major part of MSME support structures. Based on demographic data, 39 respondents (32.5%) relied on KUR/bank loans as their main source of financing, followed by 22 respondents (18.3%) who used cooperatives, and 17 respondents (14.2%) who utilized fintech/other sources. Conversely, 42 respondents (35%) still relied on personal capital, indicating that although formal financing access is available, many MSME actors have yet to make full use of it. This may be due to factors such as limited financial literacy, fear of debt risks, or low trust in financial institutions. This suggests that the existence of financing access does not necessarily correlate with its effective use in driving business growth.

Previous research also shows that the relationship between financing access and MSME growth is contextual. KUR financing positively contributed to MSME turnover growth in Yogyakarta but only among entrepreneurs who had structured bookkeeping and business planning systems (Solihati et al., 2023). On the other hand, MSMEs that received financing without managerial assistance were more likely to experience default risks and stagnant growth (Rajamani et al., 2022). The findings of this study align with previous research emphasizing that financing access alone is insufficient—there must be integration with fund utilization strategies, financial literacy, and entrepreneurial learning processes for financing to be converted into business growth.

Furthermore, these findings can also be explained through the Entrepreneurial Learning Theory as a Middle Range Theory, which posits that entrepreneurial learning occurs through formal education, direct experience, and adaptation to challenges (Cope, 2005). Within this framework, financing serves as an initial trigger, but its ultimate impact depends on how entrepreneurs learn from its use, such as managing cash flow, assessing investments, and evaluating spending effectiveness. In the context of Karawang's MSMEs—most of which operate in capital-intensive sectors such as food and trade—financing must function not only as a source of funds but also as a medium for financial and managerial learning.

Therefore, although the direct effect of Financing Access on MSME Growth is not statistically significant, this does not imply that the variable is unimportant. On the contrary, the results emphasize that financing will only have an impact if MSME actors are intellectually and psychologically prepared to manage it. This preparedness is shaped through experience, education, and continuous learning. Financing programs in Karawang should be integrated with financial literacy and entrepreneurial mentoring programs to foster more substantial and sustainable growth in the MSME sector.

The relationship between financial management skills and MSME growth

Based on the structural model testing using SEM-PLS, the variable Financial Management Skills did not show a significant direct impact on MSME Growth in Karawang Regency. This is indicated by a path coefficient value of 0.11, with a t-statistic of only 1.29 and a p-value of 0.19. Although the direction of influence is positive, the value is not strong enough to be considered significant at the 95% confidence level. In this study, Financial Management Skills were measured using three key indicators: (1) the ability to prepare business budgets, (2) cash flow management, and (3) financial statement evaluation for decision-making. Meanwhile, MSME Growth was measured through indicators such as (1) income increase, (2) increase in number of employees, and (3) market expansion. The insignificance of this relationship suggests that financial management skills have not yet contributed directly to MSME growth, particularly in a highly competitive business environment such as Karawang.

This finding can be conceptually explained using the framework of Human Capital Theory, where managerial skills, including financial skills, are part of human capital that drives individual productivity (Becker, 1964). However, this theory also recognizes that human capital will only be effective if supported by a conducive business environment and the ability to apply knowledge in real business practice. In the context of MSMEs in Karawang, although entrepreneurs may possess basic financial management skills, these skills do not necessarily lead to market expansion or an increase in labor. This may occur because the skills are not yet applied systematically or are only used for routine administrative purposes, rather than as strategic tools for decision-making that influence business growth.

A closer analysis of the respondents' demographic data reveals that the majority (48 respondents or 40%) had only completed senior high school (SMA/SMK), and only 55 respondents (45.8%) had a diploma or undergraduate education (D3/S1). This condition suggests that although some business owners have received higher formal education, there may still be limitations in applying financial skills comprehensively. Financial management skills such as budgeting or financial statement analysis may not be routinely implemented or are not prioritized by micro entrepreneurs, particularly those still in the survival stage. In fact, some MSME actors still operate informally without adequate financial records, meaning that the function of these skills has not yet been fully optimized to influence business growth in a measurable way.

This finding is also in line with several previous studies. For instance, literature on MSMEs indicates that financial management skills significantly influence business growth when combined with technology utilization and marketing strategies (Budiarto et al., 2023). Other findings show that financial management skills significantly impact operational efficiency, but not directly on market expansion or workforce growth (Lustrilanang et al., 2023). This reinforces the findings of this study that financial skills are foundational, but their effect on growth is indirect and must be mediated through entrepreneurial learning or data-driven strategic decisions.

From the perspective of Entrepreneurial Learning Theory, the lack of significant direct impact of Financial Management Skills may also reflect a learning process that has not yet been deeply internalized by MSME actors. Effective entrepreneurial learning relies on technical training, and requires a reflective, experiential, and applied process based on real-world experience. In this context, financial management skills are often not yet a focus of active learning by business owners and are rather treated as mere administrative necessities. As a result, MSME actors may not yet use financial information as a foundation for crafting expansion strategies, which ultimately explains why these skills have not produced measurable effects on growth indicators such as income or business expansion.

The relationship between financial literacy and MSME growth

The hypothesis testing results indicate that Financial Literacy does not have a significant direct effect on MSME Growth in Karawang Regency. This is reflected in a path coefficient value of 0.10, a t-statistic of 1.20, and a p-value of 0.23. Therefore, although the direction of the relationship is positive, it does not meet the statistical significance criteria at the 95% confidence level. In this study, Financial Literacy was measured using three main indicators: (1) understanding of basic financial concepts (such as interest, inflation, and risk), (2) knowledge of financial products and services such as credit, savings, and insurance, and (3) awareness of the benefits and risks in financial decision-making. Meanwhile, MSME Growth was measured through indicators such as: (1) increase in business revenue, (2) growth in the number of employees, and (3) expansion of market reach or customer base.

Conceptually, this finding can be explained using the Human Capital Theory, which posits that financial literacy is part of human capital that contributes to enhancing decision-making efficiency and reducing errors in financial resource management (Becker, 1964). However, this theory also implies that literacy will only have a tangible impact on business performance when the knowledge is strategically applied within complex and dynamic contexts. In the case of MSMEs in Karawang, it is likely that business owners' financial literacy remains passive or merely conceptual and has not yet been fully internalized into daily business practices such as long-term financial planning, productive credit utilization, or financial instrument diversification. As a result, such financial knowledge has yet to generate a direct impact on business growth.

When connected to the respondents' demographic data, it was found that the majority of MSME actors had only reached secondary education levels—40% had completed senior high school (SMA/SMK), and only 9.2% (11 individuals) held a master's or doctoral degree (S2/S3). This relatively low educational attainment may limit their ability to comprehend financial information in depth and to implement it in business decision-making. Moreover, even though 63.3% of respondents (76 individuals) reported having attended business-related training or workshops, there is no guarantee that the financial literacy materials delivered in these sessions were comprehensively understood or relevant to the context of micro-enterprises. This strengthens the assumption that financial literacy among MSMEs in Karawang remains at a foundational stage and has not yet become a source of strategic competence capable of directly driving business growth.

Previous studies support the notion that the relationship between financial literacy and business growth is indeed indirect and heavily dependent on other contextual factors. For instance, MSME owners with high financial literacy were only shown to experience significant business growth when they also implemented a simple and disciplined accounting system (Resmi et al., 2021). Likewise, financial literacy only impacted business expansion when supported by digital technology use and consistent financial transaction recording (Abdurrahman & Nugroho, 2024). This highlights that financial literacy must be translated into real financial practices—not just theoretical understanding—in order to generate business growth.

Furthermore, from the perspective of Entrepreneurial Learning Theory as a Middle Range Theory, the insignificance of the direct relationship between financial literacy and business growth can be interpreted as a reflection of a weak financial-based entrepreneurial learning process among MSME actors. In this theory, learning does not occur simply because entrepreneurs have access to information, but because they are able to reflect on experiences, experiment, and develop an entrepreneurial mindset. In other words, financial literacy will only have an impact if business actors are able to internalize that knowledge into concrete business decision-making—for example, designing expansion strategies based on cash flow projections or selecting loan instruments suited to their business characteristics. Financial literacy without the processes of learning and application remains an unrealized potential (Lusardi & Mitchell, 2023).

The relationship between entrepreneurial learning and MSME growth

The results of the structural model analysis in this study indicate that Entrepreneurial Learning (EL) has a positive and significant effect on MSME Growth in Karawang Regency. This is reflected in the path coefficient value of 0.46, a t-statistic of 3.98, and a p-value of 0.01, which meets the 95% confidence level for statistical significance. In this study, Entrepreneurial Learning is measured through three main indicators: (1) participation in entrepreneurial training or education, (2) the application of new knowledge in business activities, and (3) the enhancement of entrepreneurial competencies through experience and reflection. Meanwhile, MSME Growth is measured by the following indicators: (1) increase in business income, (2) expansion of workforce, and (3) broadening of market reach or customer base. These findings emphasize that the learning processes experienced by MSME actors—whether through formal education, technical training, or direct business experience—play a crucial role in driving tangible business growth.

Conceptually, these findings align with the framework of Entrepreneurial Learning Theory, which emphasizes that entrepreneurship is a dynamic learning process that occurs through experience reflection, decision-making, and the management of both failure and success (Cope, 2005). In the context of MSMEs, entrepreneurs rely on cognitive or instructional learning and develop competencies through hands-on experience. Learning from failure, adjusting strategies based on results, and creating innovation from market observations are forms of learning that strengthen entrepreneurial capacity in a sustainable manner. Thus, Entrepreneurial Learning functions as an internal mechanism linking acquired knowledge to its application in business strategies, ultimately impacting business growth.

These findings are also supported by the demographic profile of respondents, where 76 individuals (63.3%) reported having attended business training or entrepreneurial education, and over 37.5% are aged 36–45 years—a productive age for effectively absorbing and applying learning. Additionally, 45.8% of respondents hold a D3/Bachelor's degree, which indirectly reflects adequate cognitive capacity to manage information and transform experience into applicable business strategies. The combination of training participation and cognitive capacity strengthens the role of Entrepreneurial Learning (EL) in influencing business growth, as MSME actors are capable of adapting their learning to face complex and rapidly changing market challenges.

Previous studies also support the importance of EL in driving MSME performance and growth. Small business owners who actively engage in learning processes—whether through mentoring, training, or learning from mistakes—tend to show higher business growth rates than those who remain passive (Salomé & Cronjé, 2020). In Indonesia, entrepreneurial learning serves as an intervening variable that can translate work experience into tangible business growth (Baldan et al., 2024). This indicates that learning is not only a supplementary activity but also a core process that bridges individual potential with business outcomes. In other words, entrepreneurial learning acts as a catalyst for business growth.

From the perspective of Human Capital Theory, Entrepreneurial Learning contributes to increasing the value of human capital through the accumulation of knowledge, skills, and experience relevant to the business world. In this context, learning not only enhances individual productivity but also strengthens adaptability to market changes, product innovation, and resource management efficiency. This theory posits that human capital becomes more valuable when individuals continuously improve their capacity through lifelong learning. In the context of MSMEs in Karawang, this is highly relevant, as the dynamics of industrial competition, market digitalization, and changing consumer behavior require entrepreneurs who are responsive and willing to learn over time.

The relationship between work experience and MSME growth through entrepreneurial learning

The results of this study indicate that Work Experience has a positive and significant effect on Business Growth through Entrepreneurial Learning as a mediating variable. This finding is supported by a path coefficient value of 0.31, a t-statistic of 3.58, and a p-value of 0.02, indicating that the mediation relationship is statistically significant. This significant indirect effect emphasizes that work experience does not directly impact business growth on its own. Rather, its influence becomes substantial when that experience is processed and internalized through an active and reflective entrepreneurial learning process. In other words, Entrepreneurial Learning serves as a transformative mechanism that converts accumulated work experience into strategic actions in running and growing a business. For example, MSME actors with previous experience in marketing or logistics may possess extensive knowledge and insights (Martia et al., 2021), but their business success greatly depends on how well they translate that experience into market strategies, operational efficiency, and product innovation through continuous learning (Martia et al., 2023).

This result aligns with the framework of Human Capital Theory, which posits that work experience is a valuable component of human capital but will only have a significant impact when it is mobilized through practice and learning (Becker, 1964). Furthermore, this finding is entirely consistent with Entrepreneurial Learning Theory, which explains that entrepreneurial learning is a process triggered by experience and shaped through the interaction of personal reflection, experimentation, and adaptation to the business environment (Cope, 2005). In this context, Entrepreneurial Learning acts as a catalyst that accelerates the conversion of work experience into measurable improvements in business performance.

The demographic data of respondents further reinforces these findings. Among the 120 MSME respondents, 38 individuals (31.7%) had 4–7 years of work experience, and 30 individuals (25%) had more than 7 years of experience before starting their businesses. This shows that the majority of business actors have a strong experiential foundation. However, what differentiates their business growth levels is the ability to learn from those experiences and apply them strategically in daily business operations. In addition, 63.3% of respondents had attended entrepreneurial training, indicating a connection between work experience, participation in training, and the application of new knowledge in business practices.

Previous studies also support these findings. Work experience alone is ineffective in enhancing business growth without a systematic learning process (Hosen et al., 2024). Similarly, MSME actors with extensive work experience but lacking reflective and learning capabilities tend to stagnate in their business development (Kwartawaty et al., 2023). These findings suggest that the learning process is a key factor in bridging past experiences with current business success.

The relationship between self-efficacy and MSME growth through entrepreneurial learning

The path analysis results in this study indicate that Self-Efficacy has a positive and significant effect on MSME Growth through Entrepreneurial Learning as a mediating variable. This is reflected in the path coefficient value of 0.21, with a t-statistic of 3.41 and a p-value of 0.02, which is statistically significant at the 95% confidence level. These findings reveal that an entrepreneur’s belief in their own capabilities does not directly drive business growth, but rather is first transformed through the process of entrepreneurial learning. In other words, MSME actors with a high level of self-efficacy are more likely to seek information, participate in training, reflect on their business practices, and dare to try new approaches in managing their business. This learning process gradually enhances their strategic understanding, managerial skills, and innovative capabilities, which in turn are reflected in improved business performance and growth.

This finding is theoretically supported by Social Cognitive Theory, which emphasizes that Self-Efficacy influences behavior through motivation, self-regulation, and the belief in one's ability to succeed in the face of challenges (Bandura, 1978). In the context of MSMEs, self-efficacy serves as a psychological foundation that encourages business actors to keep learning and adapting.

The strength of this indirect effect can also be understood through the lens of Entrepreneurial Learning Theory, which positions learning as an interactive and reflective process that enables entrepreneurs to internalize their beliefs and experiences into adaptive and innovative practices (Cope, 2005). With high self-efficacy, MSME actors become more willing to take risks, open to change, and learn from mistakes. They are not passive in the face of external pressures but instead view them as opportunities for learning and development. Thus, Entrepreneurial Learning becomes a transformative pathway that channels the psychological strength of self-efficacy into real actions that impact business growth.

From an empirical perspective, these results are supported by the demographic profile of the respondents, where the majority are in the productive age group of 36–45 years (37.5%) and possess a relatively high level of education, namely diploma or undergraduate degrees (45.8%). Age and education are factors closely associated with learning and reflection capabilities. Additionally, 76 respondents (63.3%) had participated in business training, indicating that the majority of MSME actors not only believe in their own abilities but have also actively engaged in capacity-building through entrepreneurial learning. This combination reinforces the notion that high self-efficacy, when paired with active learning, becomes a key determinant in the business growth process.

Support for these findings is also evident in various previous studies. Research has shown that entrepreneurs with high self-efficacy who participate in training tend to experience faster increases in revenue and market penetration (Klongthong et al., 2020). Moreover, self-efficacy mediated by entrepreneurial learning significantly contributes to the performance and growth of MSMEs in urban and semi-urban areas (Diawati, 2024). Learning thus acts as a bridge between psychological potential (in this case, self-efficacy) and tangible business outcomes.

The relationship between financing access and MSME growth through entrepreneurial learning

The results of this study show that Financing Access has a positive and significant effect on MSME Growth through Entrepreneurial Learning as a mediating variable. The structural path analysis revealed a path coefficient of 0.22, with a t-statistic of 3.24 and a p-value of 0.03, indicating that the relationship is statistically significant. Theoretically, this finding aligns with Human Capital Theory, which explains that external resources such as capital or financial access will only impact economic output when utilized by individuals with certain cognitive capacities and skills (Becker, 1964). In this context, financing contributes to business growth only if MSME actors have the ability to learn, strategize, and manage these funds effectively. This is where Entrepreneurial Learning functions as a mediating variable: learning becomes the transformative tool that turns financing into productive business decisions. Without the entrepreneurial learning process, financial access may merely serve as short-term working capital without driving long-term growth.

This finding is further reinforced by the demographic data of respondents in this study. Based on the respondent profile, 39 individuals (32.5%) accessed financing through People's Business Credit (KUR)/banks, 22 individuals (18.3%) from cooperatives, and 17 individuals (14.2%) from fintech or other financial institutions, while the rest relied on personal capital. This indicates that the majority of MSME actors in Karawang are already connected to formal financing institutions, which represents a substantial opportunity for business expansion. However, the availability of capital only significantly impacts business growth when MSME actors consciously use those funds to enhance business capacity through proper learning and strategic planning, rather than merely fulfilling routine operational needs.

The framework of Entrepreneurial Learning Theory provides a deeper explanation of this mediating mechanism. This theory emphasizes that entrepreneurial learning is a continuous reflective process, in which entrepreneurs interpret experiences and resources (including financing) as a foundation to enhance competence, improve strategies, and adopt new approaches in business management (Cope, 2005). In this context, financing becomes a learning instrument when MSME actors begin to manage financial risks, project cash flows, evaluate cost-benefit scenarios, and design data-driven growth strategies. Entrepreneurial Learning thus acts as a conduit and value-enhancer for every financing opportunity accessed.

Previous studies also support this conclusion. MSME actors who received financing and simultaneously participated in business training experienced double the revenue increase compared to those who only received capital without training (Purnomo & Sugiarti, 2024). Another study added that financing access only yields tangible effects on business expansion when accompanied by capacity building through training, mentoring, or business incubation programs (Jamiu & Adeoye, 2024). Therefore, the findings of this study are statistically consistent, empirically supported, and theoretically grounded within a comprehensive framework.

The relationship between financial management skills and MSME growth through entrepreneurial learning

The findings of this study indicate that Financial Management Skills have a positive and significant effect on Business Growth when mediated by Entrepreneurial Learning. The mediation test results show a path coefficient of 0.28, with a t-statistic of 3.56 and a p-value of 0.02, indicating a statistically significant relationship. These results suggest that financial management skills alone may not be sufficient to directly drive business growth; however, they have a meaningful impact when channeled through the mechanism of entrepreneurial learning. This means that MSME actors who understand budgeting, cash flow, and financial reporting can develop their businesses more structurally when they actively learn to apply those skills in managerial and strategic contexts. In other words, Entrepreneurial Learning serves as a crucial conduit that bridges technical financial skills with tangible business outcomes. This learning process enables entrepreneurs to link financial data with market opportunities, operational risks, and expansion plans, thereby turning financial management into a strategic rather than merely administrative tool.

Theoretically, this result is consistent with the core principle of Human Capital Theory, which states that individual skills, knowledge, and competencies must be transformed through experience, training, and continuous development to positively impact productivity and economic outcomes (Becker, 1964). In this context, financial skills are a critical form of human capital, but their value increases when integrated into a learning process that enables MSME actors to learn from practical experiences and adapt their financial strategies to market challenges. Furthermore, according to Entrepreneurial Learning Theory, entrepreneurship learning involves reflective, experiential, and applied dimensions, which turn financial skills into experience- and data-driven decision-making tools rather than mere routines (Cope, 2005).

The demographic context of the respondents also supports this finding. Most MSME respondents were of productive age and had a reasonably good formal educational background. A total of 55 individuals (45.8%) held a D3/Bachelor's degree, and 37.5% were in the 36–45 age group—generally considered capable of understanding and developing financial management skills. However, the high proportion of entrepreneurs operating informally or without a documented financial system highlights the importance of learning as a key element in activating these skills to create real impact on growth. In this case, Entrepreneurial Learning acts as an "implementation driver" that transforms skills into productive business actions.

Previous studies also confirm the importance of learning as a link between managerial skills and business growth. MSME actors who possess financial skills but lack a learning process and adaptive strategies tend to miss market opportunities (Dwyanti, 2024). Conversely, other research has emphasized that business owners who actively participate in training and consistently use financial reports as the basis for decision-making experience better revenue growth and market expansion than those who rely solely on business intuition (Gupta et al., 2023). Thus, it can be concluded that Financial Management Skills have a significant effect on MSME Growth when mediated by Entrepreneurial Learning. In other words, the financial management skills possessed by MSME actors will only result in actual business growth if the entrepreneurs are able to learn, apply, and evaluate these skills within a strategic entrepreneurial mindset.

The relationship between financial literacy and MSME growth through entrepreneurial learning

This study found that Financial Literacy has a positive and significant effect on Business Growth when mediated by Entrepreneurial Learning. Based on the structural path analysis, the path coefficient was 0.25 with a t-statistic of 3.34 and a p-value of 0.02, indicating a statistically significant relationship. These results suggest that financial literacy does not directly lead to business growth but exerts a significant influence when combined with entrepreneurial learning processes. MSME actors who understand basic financial concepts and possess financial product knowledge are more likely to make wise financial decisions if they actively learn from experience, training, and business reflection. In this context, Entrepreneurial Learning serves as both a cognitive and practical bridge that transforms financial understanding into productive business practices. This process includes using financial information to formulate investment strategies, estimate working capital needs, manage financial risks, and design data-driven business expansion strategies.

Theoretically, these findings are consistent with the Human Capital Theory, which asserts that financial literacy, as part of human capital, only has a significant impact on business performance if it is managed and applied within a dynamic learning context (Becker, 1964). Literacy without reflective and practical application becomes passive knowledge that does not drive growth. Entrepreneurial Learning is the key mechanism that activates the potential of financial knowledge. In line with this, the Entrepreneurial Learning Theory explains that entrepreneurial learning is not merely the acquisition of knowledge but the transformation of experiences and information into skills that can be applied in strategic and sustainable business decision-making (Cope, 2005).

The respondents' demographic data further support these findings. A total of 55 respondents (45.8%) had an educational background of D3/Bachelor's degree, indicating cognitive capacity to comprehend financial literacy. In addition, 76 respondents (63.3%) had participated in business training or entrepreneurial learning activities, demonstrating that the majority of MSME actors had been exposed to learning materials that enable them to apply financial knowledge in business practices. However, since this variable did not show a direct significant effect on business growth in previous testing, the success of financial literacy's impact on growth appears to strongly depend on whether entrepreneurs can relate this literacy to actual learning processes and business strategies.

Previous studies confirm the relevance of this mediation process. For example, financial literacy only positively influences business growth when MSME actors actively manage their finances based on principles learned during training (Haryadi et al., 2023). Other research also indicates that high financial literacy without applicable learning processes merely improves internal efficiency but does not significantly drive business expansion or income growth (Urefe et al., 2024). This underscores the importance of Entrepreneurial Learning as a determinant of the effectiveness of financial literacy in the micro and small enterprise sector. Thus, it can be concluded that Financial Literacy contributes significantly to MSME growth in Karawang Regency when mediated by Entrepreneurial Learning. Financial knowledge alone is not enough—it must be internalized through active learning, entrepreneurial training, and reflective experience in order to be strategically applied in business decision-making.

CONCLUSION

Based on the results of data analysis using SEM-PLS on 120 MSME actors in Karawang Regency, it can be concluded that Work Experience and Self-Efficacy have a direct, positive, and significant effect on Business Growth. Conversely, Financing Access, Financial Management Skills, and Financial Literacy do not show a significant direct effect on business growth. However, when mediated by Entrepreneurial Learning, all exogenous variables—including Financing Access, Financial Management Skills, and Financial Literacy—demonstrate a significant influence on MSME growth. This indicates that the entrepreneurial learning process serves as a crucial pathway that transforms various potential resources (experiential, psychological, financial, and skill-based) into tangible business growth. Entrepreneurial Learning has been proven to be a key driver in optimizing internal and external potentials of MSME actors to adapt and grow amidst dynamic market conditions.

This research contributes significantly both theoretically and practically. Theoretically, the findings extend the scope of Human Capital Theory and Entrepreneurial Learning Theory by showing that financial skills and literacy do not automatically enhance business performance unless they are processed through a transformational learning experience. This highlights the importance of reflective learning as a bridge between knowledge and actual performance, thereby strengthening the understanding of how human capital is actualized in micro-entrepreneurial contexts. Practically, the study offers concrete recommendations for local governments, financial institutions, and training agencies to adopt a more targeted empowerment approach for MSMEs. Recommended training programs include cash flow management, basic data-driven decision-making, and short- to medium-term financial planning, delivered through participatory workshops based on local case studies. Moreover, mentoring programs by successful MSME practitioners in similar sectors and managerial coaching through real-business problem-solving are shown to be more contextual and applicable in fostering knowledge internalization. In terms of financing, the study recommends mechanisms such as group-based People's Business Credit (KUR), low-interest microfinance schemes via digital cooperatives, and community-based crowdfunding, combined with mandatory financial training prior to fund disbursement. This integrated approach provides MSMEs not only with access to capital and knowledge but also facilitates experiential and network-based learning, thereby enhancing their capabilities in a sustainable manner.

However, this study has several important limitations that should be noted and can serve as a basis for future research. First, the cross-sectional research design limits the ability to capture dynamic behavioral changes and MSME growth over time. Future studies are recommended to use a longitudinal approach to observe the evolution of entrepreneurial learning processes and their impacts on business performance as the business environment changes and entrepreneurs gain more experience. Second, the geographical limitation of this study, which focuses only on MSMEs in Karawang Regency—an area economically dominated by the industrial sector—means that the findings cannot yet be generalized to other regions with different sectoral characteristics, such as agricultural, coastal, or tourism areas. Follow-up studies are encouraged to conduct cross-regional comparisons to test the consistency of findings and broaden the understanding of the effectiveness of the studied variables across more diverse socio-economic contexts. Third, the reliance on perception-based questionnaires may introduce subjective bias, especially in measuring variables such as self-efficacy and managerial ability, which are heavily influenced by respondents' personal interpretations. Therefore, a mixed-methods approach combining questionnaires with qualitative techniques such as in-depth interviews, participatory observation, or longitudinal case studies is strongly recommended to explore entrepreneurial learning processes in a more contextual and holistic manner.

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