

Entrepreneurship And Subjective Well-Being: The Effect Of Mediation Psychological Functioning On Msmes Indonesia

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Abstract

MSMEs are one type of small business that has an important role for the welfare of society and the country's economic progress. Even so, there are still some obstacles that exist in these MSME actors, one of which is in Gresik Regency where it is still difficult to develop and adapt in dealing with business developments. This is because these MSME actors still view their work only as fulfilling their daily needs. In other words, it is necessary to increase the subjective well-being (SWB) of MSME actors in Gresik Regency. Therefore, this study aims to examine and analyze the effect of entrepreneurship and other variables as mediation which are thought to be able to encourage SWB, namely psychological functioning (personal functioning (PF) and social functioning (SF)) for MSME actors in Gresik Regency. The respondents in this study were 200 people. Hypothesis testing in this study used SmartPLS version 3.2.9 software. With the test results obtained that entrepreneurship has a significant effect on PF and SF. In addition, the test results also show a significant effect of PF and SF on SWB. However, the direct effect of entrepreneurship on SWB is not proven to be significant. Thus, PF and SF fully mediate the influence of entrepreneurship on SWB on MSME actors in Gresik Regency.

Keywords: Entrepreneurship, Subjective Well-being, Personal Functioning, Social Functioning, and SMEs.

1. Introduction

A prosperous financial life is a dream for everyone, so individuals make various efforts to achieve these goals (Amit et al., 2001). As is known, when people have financial well-being, that person tends to feel satisfaction with their lives. This motivation then moves the individual to become an entrepreneur (Amit & Muller, 1995). Furthermore, entrepreneurship itself is defined by Eckhardt & Shane (2003) as the creation of new ideas of the functioning of a good and service in the future. Therefore, establishing and managing micro, small, and medium enterprises (MSMEs) is a form of entrepreneurship. Furthermore, MSMEs themselves are one type of small business that has an important role for community welfare and the progress of the country's economy (Amry Nur Hidayat, 2022).

Therefore, the existence of MSMEs is expected to help in the welfare and development of the community. The theory of self-determination is explained by Ryan & Deci (2000) as an approach to the underlying motivation of the individual to pursue his goals. In the theory of self-determination or SDT it is stated that individuals have fundamental psychological needs, namely the need for competence, the need for autonomy, and the need for relatedness (Deci & Ryan, 2000). Deci & Ryan (2000) assert that SDT is a goal-directed behavior concept that focuses on meeting the psychological needs of individuals. That is, the individual will persevere, stay focused and pursue valuable goals if in the process the individual feels his psychological needs are being met.

As with most theories, SDT is based on the premise that 'how an individual initiates and persists in a particular behaviour, is determined by that individual's belief in how confident related behaviour can lead an individual to success and target achievement' (Deci & Ryan, 2000). Furthermore, the thing that distinguishes SDT from other motivational theories is that SDT has differences in terms of content of goals (goal context) and regulatory processes (regulatory processes in achieving goals). In SDT, the concept of meeting psychological needs is used as a basis for content of goals and regulatory processes (Ryan & Deci, 2000). Specifically, SDT mentions three basic psychological needs that must be met, namely the need for competence, the need for autonomy, and the need for relatedness (Deci & Ryan, 2000). For example, Gresik Regency as an object in this study has a phenomenon that is the large number of entrepreneurs / entrepreneurs who pursue various kinds of businesses. Gresik Regency is proven to have great MSME potential so it needs to be a serious concern for local governments. Where in 2021 economic growth was 3.79%, which recorded economic growth above the average of East Java Province of 3.57% and nationally of 3.69% (Beritautama.co, 2021). This is strengthened by data in the form of the distribution of MSMEs in each district of Gresik Regency. Where data was obtained that there are 58,798 MSME business actors operating in Gresik Regency.

Even so, on the other hand, there are still some obstacles found in these MSME actors. In the results of an interview conducted with the Head of the MSME Service, Gresik Regency on July 26, 2022, it was found that there was an interesting phenomenon, namely that these MSME actors still viewed their work as only limited to meeting their daily needs. In addition, the COVID-19 outbreak that has hit the last 2 years has made MSME actors not dare (reluctantly) to

develop their business even though the local government provides full support in developing MSMEs both in terms of funding and programs that can help MSME actors develop and compete.

This is the reason why MSME players in Gresik Regency find it difficult to develop and adapt in facing business developments after this pandemic. That is, there is a possibility that psychological functioning (the desire to pursue goals, engage in profitable activities) is still low. This is evident from the difficulty of socializing the e-catalog program made by the local government in developing MSMEs in Gresik Regency. In addition, MSME actors who do business only to meet daily needs are certainly not in harmony with the correlation between entrepreneurship which can increase subjective well-being (Amit et al., 2001). Therefore, the phenomenon of subjective well-being that occurs in MSMEs in Gresik Regency is used as the object of this study.

2. Literature Review

Entrepreneurship

In general, entrepreneurship is defined as the creation of new ideas of the functioning of a good and service in the future (Eckhardt & Shane, 2003). Meanwhile, in previous research, Shane & Venkataraman (2000) explained that entrepreneurship involves the process of finding, evaluating, and exploiting opportunities and individuals who do so are called entrepreneurs. Furthermore, in the process of finding, evaluating and exploiting such opportunities involves individual aspects such as personality and psychological character that influence the success of the process (Baum & Bird, 2010; Baron, 2004; Nga & Shamuganathan, 2010). Referring to this, it can be concluded that in addition to opportunities, the sustainability of entrepreneurship will depend on individual aspects as the drivers of entrepreneurship itself.

Psychological Functioning

Psychological functioning focuses on the positive interrelationship of life to the search for life goals, talents or abilities of the self, and knowledge of the self as a good idea of life (Ryff, 2014). In line with that, psychological functioning is related to how individuals achieve life goals that are valuable for their own interests so as to bring out the maximum potential from within themselves (Ryan & Deci, 2017). So that psychological functioning reflects how individuals create psychological satisfaction, goals, and expectations that result in a positive attitude and satisfaction towards life (Ryan & Deci, 2019). Then, psychological functioning is also understood as the fulfillment of positive functions contained in the psychological side of the individual (Ryff & Singer, 2013).

Furthermore, in the research of Ryff & Singer (2013) it is explained that the existence of psychological functioning reflects that individuals have high self-confidence in their life goals (self-efficacy) and are able to overcome problems without experiencing significant stress (resilience). That is, psychological functioning in an individual can lead the individual towards a fully alive life so that he can feel happiness (Ryan & Deci, 2017). From this explanation, it can be concluded that psychological functioning reflects the degree of how functioning the individual's psychological abilities and potential are in pursuing goals and achieving well-being.

Furthermore, since psychological functioning is an individual and social process (Keyes, 1998, p. 121), it is distinguished between personal functioning and social functioning (Nikolaev et al., 2020). This is because the individual and social sides both provide different meanings, challenges, and engagements (Keyes, 1998, p. 121). Therefore, the influence will also be different. The meaning of the two is explained as follows :

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Personal functioning

Personal functioning is a concept that reflects resilience, meaning and purpose, autonomy and control, engagement, competence, and self-acceptance in the individual (Diener et al., 2010; Ryan & Deci, 2000; Seligman, 2012). Whereas Social functioning is understood as the ability of individuals to establish and engage in stable relationships with others (Cohen & Wills, 1985; Keyes, 1998). The existence of social functioning in individuals is reflected by strong ties, weak ties, and civic involvement (Nikolaev et al., 2020). These three factors can be understood as a measure in assessing social functioning in individuals.

Subjective Well-being

Referring to research conducted by Diener (1984) the term subjective well-being can be interpreted as the happiness of life felt by a person. The happiness in question is measured

according to the standards that have been set by the individual himself. Therefore, the concept is called subjective well-being which means that the well-being of the individual is measured with the subjective point of view of the individual himself.

Furthermore, Shin & Johnson (1978) added that to measure a person's happiness must be based on criteria made by that individual personally. However, although it reflects happiness in individuals, SWB cannot be said to be the same as the notion of happiness in general (Hoorn, 2008). This is because in SWB there are phenomena that include individual emotional responses, fulfillment of individual happiness, and assessment of life satisfaction in general (Diener et al., 1999).

Furthermore, according to van Hoorn (2007) SWB describes the affective and cognitive conditions perceived by a person directly. Affective condition refers to hedonic judgments that mean the presence of positive feelings and the absence of negative feelings. Therefore, hedonic judgment is referred to as an assessment based on emotional aspects. Then, cognitive condition refers to eudaimonic assessment which means the fulfillment of life goals through the achievement of ideals set personally.

In other words, eudaimonic judgments are referred to as cognitive judgments based on information. From this explanation, it is known that SWB is a construct derived from an individual's evaluation of his situation holistically. Although, such evaluations and judgments are independent of the perception of others towards the individual (Diener, 2009).

Entrepreneurship and SWB

An entrepreneur starts and gets involved in business for several reasons. The most underlying reason people become entrepreneurs is to achieve their main financial well-being (Nikolaev et al., 2020). Even so, entrepreneurship has a negative side in the form of a source of stress and a high workload (Lazarus & Folkman, 1984).

This happens because an entrepreneur has greater and more complex responsibilities than those who work as employees, and faces more uncertainty (Stephenson, Truong, & Shimazu, 2018). However, entrepreneurs are seen as having higher autonomy than those who work as employees (Hausser et al., 2010). This means that entrepreneurs can have control over their decisions broadly and are free from responsibility to superiors.

Entrepreneurship and Personal Functioning

In research by Nikolaev et al. (2020) and Wiklund et al. (2019) it was explained that entrepreneurship activities involve a lot of factors that trigger stress such as possible failures, long working hours and intense job demand. Furthermore, the research then explained how entrepreneurship overcomes these challenges. This is related to the theory of Lazarus & Folkman (1984) called 'transactional theory of stress' where stressful conditions can trigger feelings of pressure in individuals or actually give rise to challenges to develop (LePine et al., 2005). An entrepreneur who has high self-efficacy and is motivated by challenges can ultimately manage the level of stress he feels becomes the motivation to grow.

Entrepreneurship and Social Functioning

An entrepreneur is someone who creates a business and chooses to hire themselves as well as others (Hébert & Link, 1989). This means that an entrepreneur does not have a certain boss or work bond that limits him to make decisions including connecting with others. In other words, entrepreneurs can have a very wide circle and have relationships with many people. These relationships can be in the form of relationships with employees, investors, family, friends, or customers (Gittell & Vidal, 1998; Kawachi, Kim, Coutts, & Subramanian, 2004; Putnam, 2000).

In establishing relationships with others, an entrepreneur certainly experiences various phenomena. One of them, is social functioning. Social functioning is a dimension of psychological functioning that focuses on the relationship between the individual and his environment (Cohen & Wills, 1985; Keyes, 1998). In a previous study by Wood & Rowe (2011) it was stated that entrepreneurs can feel alienation from their social environment due to overly intensive work. Meanwhile, Stephan (2018) mentioned that entrepreneurs tend to have strong ties to their environment because entrepreneurs can choose when and with whom they work. Furthermore, entrepreneurs are also considered to be able to interact more friendly and easily blend in with new people (Shir et al., 2018).

Personal Functioning and SWB

Personal functioning dipahami sebagai complex concepts consisting of resilience, meaning and purpose, autonomy and control, engagement, competence, and self-acceptance (Diener et al., 2010; Ryan & Deci, 2000; Seligman, 2012). Specifically, resilience is understood as an adaptive function of the individual that allows the individual to stay with his positive functioning despite being under pressure (Ryff & Singer, 1998). Meanwhile, meaning and purpose refers to an individual's ability to engage in activities that are meaningful and beneficial for the long term (Ryff, 2014). Then, autonomy and control is a state in which the individual is able to control his choices according to his will independently and independently (Metaal, 1992; Nikolaev et al., 2020). Furthermore, there is engagement that can be interpreted as the attachment of individuals with activities that are self-development (Nikolaev et al., 2020). Meanwhile, competence refers to the ability to make the right decisions according to the opportunities that exist (Harter, 1978; Ryan & Deci, 2000; White, 1963), and self-acceptance can be interpreted as an individual's knowledge and acceptance of himself (Ryff & Singer, 1998). The personal functioning component is theoretically thought to contribute to the improvement of subjective well-being in individuals (Nikolaev et al., 2020). This is because personal functioning conceptually reflects positive functions in the individual's psychological that can ultimately support the individual in achieving his goals.

Social Functioning and SWB

Social functioning is a dimension of psychological functioning that focuses on the relationship between the individual and his environment (Cohen & Wills, 1985; Keyes, 1998). Its existence in individuals is reflected by strong ties which means strong relationships, weak ties

which means weak relationships, and civic involvement which is defined as individual involvement in social activities (Putnam, 2000; Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011; Stoll, Michaelson, & Seaford, 2012; Nikolaev et al., 2020). Specifically, strong ties are understood as relationships between individuals and their close people who support each other (Gittel & Vidal, 1998; Kawachi, Kim, Coutts, & Subramanian, 2004; Putnam, 2000). Furthermore, strong ties are considered the most powerful determinant of social functioning towards subjective well-being in individuals (Diener & Seligman, 2002; Diener & Biswas-Diener, 2008; Helliwell, 2006; Layard, 2011). Then, weak ties are a representation of an individual's relationship with the broader environment and with more people (Ruef, 2010). Weak ties tend to be temporary relationships and usually occur due to equality of interests. Although weak ties theoretically do not contribute to well-being as much as strong ties, weak ties are a representation of how capable individuals are of developing their relationships and forming mutualism relationships with many people (Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011; Nikolaev et al., 2020). Therefore, being in an environment where individuals are often confused with others is an important aspect of social functioning that also has an impact on subjective well-being (Nikolaev et al., 2020).

In addition to strong and weak ties, there is civic involvement which is specifically described as an individual's involvement or role in volunteering activities that help others (Stoll, Michaelson, & Seaford, 2012). These three things are an important part of social functioning (Keyes, 1998; Ryff & Singer, 1998; Ryan & Deci, 2000; Seligman, 2012). Not only that, both strong, weak ties, and civic involvement have a role in improving subjective well-being. Of course, logically, individuals who get social support from those closest to them (strong ties) will have a higher level of happiness and correlate with subjective well-being. In addition, it is mentioned in the research of Dunn et al. (2008) that people who give help to others get more satisfaction which indicates civic involvement has a relationship to subjective well-being. In short, social functioning in an individual can trigger the individual to feel satisfaction and happiness related to subjective well-being.

Personal Functioning mediates Entrepreneurship and SWB

Personal functioning is a concept of the existence of integrity of resilience, meaning and purpose, autonomy and control, engagement, compensation and self-acceptance (Diener et al., 2010). The concept of resilience can be associated with the function of adaptation to challenging conditions (Ryff & Singer, 1998). Because the concept of resilience describes positive reactions due to stressful situations, and can be very relevant in the context of entrepreneurship (Shepherd, 2003). According to Gimeno, Folta, Cooper & Woo (1997), when starting a business, it must start with difficulties. This can lead to high levels of stress that can negatively impact an individual's mental health (Cardon & Patel, 2015).

In research Rindova, Barry, & Ketchen (2009) and Stephan (2018) found that entrepreneurs are more likely to develop their business strategies in minimizing stress in running their business, by adapting to each situation. In other words, individuals who are involved in

entrepreneurship and have good personal functioning will be easy to overcome the negative impacts caused by entrepreneurship itself. When the individual has been able to overcome the difficulties of entrepreneurship then the individual will be easy to achieve goals and success in his efforts. This is thanks to the increase in subjective well-being. (Nikolaev et al., 2020). Not only that, Ryan & Deci (2017) and Seligman (2012) also explained that the fulfillment of psychological needs such as autonomy, competence, and relatedness correlates with positive emotions and a sense of satisfaction with life. This is of course in line with the concept of subjective well-being which emphasizes the satisfaction that individuals feel with their lives (Diener, 1984).

Social Functioning Mediates Entrepreneurship and SWB

Cohen & Wills (1985) and Keyes (1998) that social functioning is a concept that focuses on the relationship between the individual and his environment. In addition, social functioning is also associated with active and affective relationships with other people. This is confirmed in strong ties which are reflected by the presence of bonding and the support of those closest psychologically to the individual (Putnam, 2000). That is, social functioning can bring positive things to the individual concerned in the form of feelings of happiness. This is what makes social functioning said to be the determinant of subjective well-being (e.g., Diener & Seligman, 2002; Helliwell & Putnam, 2005; Halpern, 2010; Ryan & Deci, 2000). Meanwhile, individual involvement in entrepreneurship makes individuals have to interact with many people and also have many circles (Ruef, 2010). Not only that, being an entrepreneur is also considered to have more relationships, friends, and people around who care (Shir et al., 2018). That is, entrepreneurship is closely related to social life and relationships with other people. That way, entrepreneurship is possible to improve subjective well-being in individuals through the role of social functioning. So based on the above presentation, in this study there is the following hypothesis:

- H1: Entrepreneurship has a significant positive effect on subjective well-being in MSME actors in Gresik Regency
- H2(a): Entrepreneurship has a significant positive effect on personal functioning in MSME actors in Gresik Regency
- H2(b): Entrepreneurship has a significant positive effect on social functioning in MSME actors in Gresik Regency
- H3(a): Personal functioning has a significant positive effect on subjective well-being in MSME actors in Gresik Regency
- H3(b): Social functioning has a significant positive effect on subjective well-being in MSME actors in Gresik Regency
- H4(a): Personal functioning mediates the influence of entrepreneurship on subjective well-being in MSME actors in Gresik Regency
- H4(b): Social functioning mediates the influence of entrepreneurship on subjective well-being in MSME actors in Gresik Regency

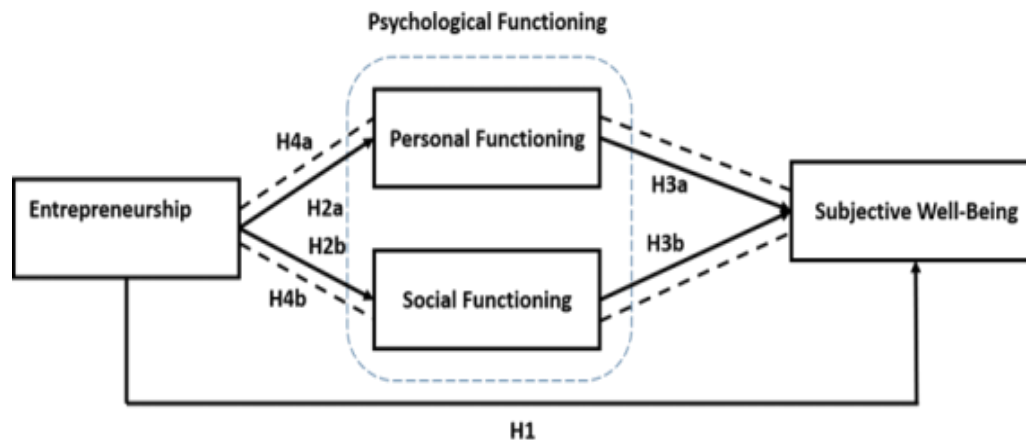


Figure 1. Hypothesis Framework

3. Methodology

This research uses quantitative methods that are carried out by formulating hypotheses, then continued with hypothesis testing to find out whether the hypotheses that have been formulated can be accepted or rejected. Quantitative approach is a research approach that uses statistical numbers in describing, explaining, and answering problem formulations in research (Curwin and Slater, 2008). The population according to Sekaran and Bougie (2016) is the whole of a group of people, or events or things that are interesting for researchers to study. In this study, the population chosen was 58,798 MSME business actors in Gresik Regency.

Meanwhile, this study adopted as many as 12 indicators of SK-WIRA Husna et al. (2018) for entrepreneurship variables, 5 indicators Pavot & Diener (2008) for subjective well-being variables, 10 indicators Deci et al., 2001; Ryff & Keyes, (1995) for personal functioning variables, 7 indicators for social functioning variables by (Diener et al., 2010; Keyes, 1998; Ryff & Singer, 1998; Ryan & Deci, 2000; Seligman, 2012). The data analysis technique in this study uses Partial Least Square (PLS) which was first developed by Herman Wold in 1996. PLS was chosen because this method can be used to test a series of equations estimated simultaneously (Hair et al., 2017). In addition, PLS is reputed to be a powerful method of analysis and is able to be used to confirm a theory. (World, 1982).

4. Research Results

Characteristics of Respondents

Table 1. shows the characteristics of 200 respondents as follows :

Table 1. Characteristics of Respondents

Respondent Profile	Information	Frequency	Percentage
Gender	Man	73	36,50%
	Woman	127	63,50%

Age	20 - 29 years old	47	23,50%
	30 - 39 years old	58	29,00%
	40 - 49 years old	52	26,00%
	> 50 years	43	21,50%
Education	Primary School	8	4,00%
	Junior High School	20	10,00%
	High School	60	30,00%
	Diploma (D1, D2, D3)	17	8,50%
	D4 / S1	93	46,50%
	S2	2	1,00%
Length of Business	1 - 3 Years	47	23,50%
	3 - 5 Years	91	45,50%
	> 5 Years	62	31,00%
Business Focus	Food & Drink	136	68,00%
	Creative Economy	64	32,00%
Income	< Rp 2 Million	40	20,00%
	Rp2 Million – Rp 4,9 Million	59	29,50%
	Rp5 Million – Rp 11,9 Million	82	41,00%
	Rp12 Million – Rp 19,9 Million	7	3,50%
	Rp 20 Million – Rp 39 Million	4	2,00%
	Rp > 40 Million	8	4,00%
Number of Employees	< 5 people	166	83,00%
	5 – 15 people	24	12,00%
	16 – 25 people	5	2,50%
	> 25 people	5	2,50%
Business Phase	Validation	61	30,50%
	Customer Creation	8	4,00%
	Construction	9	4,50%
	Discovery	122	61,00%

Outer Model Analysis

In the convergent validity test, this study refers to the value of the loading factor (the magnitude of the correlation between the indicator and its latent construct). According to Hair et al. (2017) stated that if the result of bootstrapping reaches 0.5 to 0.6 and the loading factor value is above 0.5, it is considered sufficient or valid.

Table 2. Final Outer Loading Test Result

Variable	Indicator	Outer Loading Value
Entrepreneurship (Motivation to Achieve)	EP1	0,857
	EP2	0,889
	EP3	0,829
Entrepreneurship (Risk Taking)	EP4	0,854
	EP5	0,879
	EP6	0,861
Entrepreneurship (Innovation)	EP7	0,836
	EP8	0,904
	EP9	0,868
Entrepreneurship (Autonomy)	E10	0,849
	E11	0,888
	E12	0,895
Personal Functioning (Resilience)	PF1	0,687
Personal Functioning (Meaning)	PF2	0,738
	PF3	0,729
Personal Functioning (Autonomy)	PF4	0,695
	PF5	0,694
Personal Functioning (Engagement)	PF6	0,745
	PF7	0,765
Personal Functioning (Competence)	PF8	0,726
	PF9	0,741
Personal Functioning (Esteem)	PF10	0,665
Social Functioning (Strong Ties)	SF1	0,674
	SF2	0,769
	SF3	0,737
Social Functioning (Weak Ties)	SF4	0,743
	SF5	0,666
	SF6	0,685
Social Functioning (Involvement)	SF7	0,704
Subjective Well-being	SWB1	0,787
	SWB2	0,802
	SWB3	0,774

	SWB4	0,642
	SWB5	0,775

Table 2. The result of the loading factor of the indicator is already above 0.5, so this result can be said to have met the convergent validity that all indicators used in the study can be measured accurately. In the discriminant validity test, this study refers to the cross loading value. According to Hair et al. (2017) mentioned that the cross loading value must have a certain construct correlation with the indicator on the variable is the largest when compared to other variables.

Table 3. Comparison of AVE Roots with Variable Correlations

	Entrepreneurship	Personal Functionin	Social Functionin	SWB
Entrepreneurship	0,709			
Personal Functioning	0,632	0,719		
Social Functioning	0,398	0,534	0,712	
Subjective Well-Being	0,409	0,597	0,575	0,758

After evaluating convergent validity, the next step is to evaluate the discriminant validity that uses the Fornell-Larcker evaluation. Based on Table 3 of the discriminant validity evaluation with Fornell-Larcker, it can be shown that the largest correlation value of 0.632 is still smaller than the smallest variable AVE root value of 0.712. These results conclude that the AVE root value of each research variable (diagonal row) value is still greater than the correlation that occurs between variables in the structural model. With demikia, referring to the Fornell-Larcker results, discriminant validity in structural models can already be met. Composite Reliability is used in measuring consistency in each instrument. Composition or construct can be said to be reliable if it has a composite reliability value above 0.7.

Table 4. Composite Reliability

Variable	Composite Reliability
Entrepreneurship	0,909
Motivation to Achieve	0,822
Risk Taking	0,832
Innovation	0,838
Autonomy	0,851
Personal Functioning	0,896
Social Functioning	0,838
Subjective Well-Being	0,814

Based on Table 4, it can be seen that each variable in the research model has a composite reliability value greater than 0.7. Meanwhile, for the cronbach alpha value, a value of all of which is greater than 0.70 is also obtained. Referring to the results of this evaluation, it can be concluded that each research variable has met composite reliability.

Inner Model Analysis

Evaluation of the Measurement Model (Inner Model) in PLS Analysis is used to explain how the relationship between latent variables. In evaluating the inner model using R-Square, f-square effect, and q-square relevance.

Table 5. R-square

Variable	R Square
Personal Functioning	0,4
Social Functioning	0,158
Subjective Well-Being	0,448

Table 5. shows the value of the personal functioning variable of 0.4, the social functioning variable of 0.158, and the SWB of 0.448 which is a moderate model. In F-square, Hair et al. (2017) argue that the cut off value of the f-square has an influence of 0.02 (small), 0.15 (medium), and 0.35 (large). In path coefficient estimation, it is a way to assess the relationship between hypotheses between existing constructs. This evaluation can be seen from the results of bootstrapping in SmartPLS testing. The value used from the path coefficient according to Hair et al., (2017). Ranges from -1 to +1, which means that getting closer to +1 the relationship means positive significant and if it is close to 0 or -1 it has the meaning of a negative relationship and is not significant or weak.

Table 6. Path Coefficient and P-value

DirrectEffect	Original Sample	T-Statistic	P-Value	Information
H1 E -> SWB	0,016	0,239	0,405	Not significant
H2a E-> PF	0,632	14,371	0	Significant
H2b E -> SF	0,398	5,689	0	Significant
H3a PF -> SWB	0,397	5,216	0	Significant
H3b SF ->SWB	0,357	5,619	0	Significant

In Table 6. There is an implementation as follows:

1. There is a significant negative influence on the Entrepreneurship variable on SWB. This result is shown by a T-statistics value of $0.239 < 1.96$ and a p-values value of $0.405 > 0.05$ then it is concluded that there is no significant positive influence, then **Hypothesis 1 is rejected.**
2. There is a significant positive influence on the Entrepreneurship variable on Personal Functioning. This is indicated by the T-statistics value of $14.371 > 1.96$ and the p-values of $0.000 < 0.05$ then it is concluded that there is a significant positive influence, then **Hypothesis 2a is accepted.**
3. There is a significant positive influence on the Entrepreneurship variable on Social Functioning. This is indicated by a T-statistics value of $14.371 > 1.96$ and a p-values value of $0.000 < 0.05$ then it is concluded that there is a significant positive influence, then **Hypothesis 2b is accepted.**
4. There is a significant positive influence on the Personal Functioning variable on SWB. This is indicated by the T-statistics value of $5.216 > 1.96$ and the p-values of $0.000 < 0.05$, then **Hypothesis 3a is accepted.**
5. There is a significant positive influence on the Social Functioning variable on SWB. This is indicated by a T-statistics value of $5.619 > 1.96$ and a p-values value of $0.000 < 0.05$, then **Hypothesis 3b is accepted.**

Table 7. Mediation Analysis Procedure

Direct effect	Orginal Sampel	T-Statistic	P- Value	Information
H4a E -> PF ->SWB	0,251	5,004	0	Significant
H4b E ->PF->SWB	0,142	3,867	0	Significant

Based on Table 7. There are implementations as follows:

1. There is a significant positive influence on the Entrepreneurship variable on SWB with Personal Functioning mediation. This result is indicated by a T-statistics value of $5.004 > 1.96$ and a p-values value of $0.000 < 0.05$, then **Hypothesis 4a is accepted.**
2. There is a significant positive influence on the Entrepreneurship variable on SWB with Social Functioning mediation. This result is indicated by a T-statistics value of $3.867 > 1.96$ and a p-values value of $0.000 < 0.05$, then **Hypothesis 4b is accepted.**

5. Discussion

Patzelt & Shepherd (2011) who mentioned that being an entrepreneurship also has a number of consequences and negative impacts on a person's emotions. For example: the burden of managing finances, planning business development, taking care of employees, as well as

uncertainty problems that may be encountered in the future can affect the emotional state of an entrepreneur (Douglas & Shepherd, 2000; Eisenhardt, 1989). Furthermore, MSME actors in the regency are still classified as micro- enterprises. This can be seen from the distribution of the number of MSME employees in the Gresik Regency area, the most are those who have less than 5 employees, totaling 166 pieces (83%). According to Agustina, (2019) when viewed from the number of employees who are less than 5 people, the scale of the business is classified as a micro-business. In line with that, the phenomenon that occurs is that these MSME actors still view their work as only limited to meeting their daily needs. Thus, it is not surprising that MSME actors in Gresik Regency do not have subjective well-being even though they have a very strong entrepreneurship in accordance with the existing phenomenon.

Furthermore, entrepreneurship has been proven to significantly affect personal functioning in MSME actors in Gresik Regency. These findings support previous research by Nikolaev et al. (2020) and Wiklund et al. (2019). The underlying reason for this is that MSME actors in Gresik Regency have very high autonomy. That way, they can choose the activities and focus they want to do more freely so that they are able to regulate how job stressors impact their psychological state (Häusser et al., 2010). In addition to autonomy, meaningful aspects are also a driver to remain consistent with their activities (Atalay & Tanova, 2022). When a person has discovered that what he is doing is meaningful then he will regard his activity as a psychological resource (Cornelia et al., 2012; Spreitzer et al., n.d.). In other words, entrepreneurship can encourage individuals to have psychological 'empowerment' to manage stressors and then develop themselves.

Furthermore, entrepreneurship has been proven to significantly affect social functioning in MSME actors in Gresik Regency. This shows that the characteristics of MSME actors in the regency are characterized by the motivation to excel, innovative, risk-taking, and autonomy to encourage the social function of MSME actors in Gresik Regency, namely by the involvement and social relationship between MSME actors and their environment. In addition, the social function of MSME actors in the Gresik Regency area in reflecting social involvement and relations with the environment is good. This is evidenced by the average value of the indicator "Individuals get support and help from those closest to them when the individual needs them" which belongs to the category of "Strong" and SF7 "Individuals are often involved in volunteer activities or charitable activities" which belongs to the category of "Strong" so that it shows that MSME actors in Gresik Regency have strong ties to their environment because they can choose when and with whom they work or socialize.

Furthermore, according to Hébert & Link (1989) an entrepreneur is those who create a business and choose to hire themselves as well as others. This means that an entrepreneur does not have a certain boss or work bond that limits him to make decisions including connecting with others. In other words, entrepreneurs can have a very wide circle and have relationships with many people. Furthermore, reflecting on data analysis, personal functioning has been shown to significantly affect SWB in MSME actors in Gresik Regency. This shows that the existence of individual elements in MSME actors in Gresik regency (cognitive and psychological) encourages

the achievement of happiness and life satisfaction felt by MSME actors in Gresik Regency.

Furthermore, when MSME actors in Gresik Regency continue to strive to develop their abilities and knowledge, individuals can more easily achieve their success. This is evidenced from the average value of the SWB4 indicator "Individuals have gained important things in life" of 3.94 which belongs to the "High" category. This means that MSME actors in Gresik Regency who focus on future-oriented (positive) activities can have better goals and therefore SWB will increase. The personal functioning of MSME actors in the Regency is indicated by happiness and strong pride in the profession they are in. This is evidenced by the average value of the PF6 indicator "Individuals feel preoccupation in their activities" of 4.29 which belongs to the "Very High" category as well as the PF2 "Individuals have high confidence in their life goals" which belongs to the "High" category. Therefore, the existence of personal functioning in MSME actors in Gresik Regency conceptually reflects positive functions in individual psychology that can ultimately support individuals in achieving their goals (Nikolaev et al., 2020). Furthermore, social functioning has been shown to significantly affect SWB on MSME actors in Gresik Regency. This shows that the involvement and social relationship between MSME actors in Gresik regency and their environment encourages the creation of happiness and life satisfaction felt by MSME actors in Gresik Regency.

Furthermore, the findings of this study are supported by the average value of the social functioning variable of 3.82 which is in the high category and the SWB variable of 3.71 which is high. The average value of the two variables illustrates that the strong social functioning of MSME actors in Gresik Regency encourages the creation of happiness and life satisfaction felt by MSME actors in Gresik Regency. The social functioning of MSME actors in the regency is indicated by the involvement and social relationship between MSME actors in Gresik Regency and their environment. This is evidenced by the average value of the SF3 indicator "Individuals get support and help from those closest to them when the individual needs them" which belongs to the "Strong" category. Of course, logically, individuals who get social support from those closest to them (strong ties) will have a higher level of happiness and correlate with SWB.

Then, based on the phenomenon in this study, personal functioning has been proven to mediate the influence of entrepreneurship on SWB significantly on MSME actors in Gresik Regency. This shows that the characteristics of MSME actors in the regency which are characterized by the motivation to excel, innovative, risk-taking, and autonomy encourage the achievement of happiness and life satisfaction felt by MSME actors in Gresik Regency. This encouragement arises because of the social function owned by MSME actors in Gresik Regency, namely the involvement and social relationship between MSME actors and their environment. Furthermore, social functioning has been proven to mediate the influence of entrepreneurship on SWB significantly on MSME actors in Gresik Regency. This shows that the characteristics of MSME actors in the regency which are characterized by the motivation to excel, innovative, risk-taking, and autonomy encourage the achievement of happiness and life satisfaction felt by MSME actor. in Gresik Regency. This encouragement arises because of the existence of individual elements in MSME actors in Gresik Regency (cognitive and psychological) that

encourage individuals to achieve satisfaction and well-being.

6. Conclusion

Based on the results of research in data testing, analysis and discussion related to the influence of Entrepreneurship on Subjective Well-being with the role of Psychological Functioning mediation (Personal Functioning and Social Functioning) can be concluded as follows:

1. Entrepreneurship has not been proven to have an effect on subjective well-being in MSME actors in Gresik Regency
2. Entrepreneurship has proven to affect personal functioning in MSME actors in Gresik Regency
3. Entrepreneurship has proven to affect social functioning in MSME actors in Gresik Regency
4. Personal functioning has proven to affect subjective well-being in MSME actors in Gresik Regency
5. Social functioning has been proven to have an effect on subjective well-being in MSME actors in Gresik Regency
6. Personal functioning has proven to fully mediate the influence of entrepreneurship on subjective well-being in MSME actors in Gresik Regency
7. Social functioning has been proven to fully mediate the influence of entrepreneurship on subjective well-being in MSME actors in Gresik Regency Suggestion.

The following is a suggestion in this study:

1. MSME actors in Gresik Regency need to improve their personal functioning by always learning and honing their skills in entrepreneurship so that they are accustomed to facing all situations that occur in business. In addition, MSME actors in Gresik Regency need to improve social functioning, especially in terms of the prudence of MSME actors in relationships with other people or their environment by being more careful in receiving information or establishing cooperative relationships with others. So that with caution in acting MSME actors in Gresik Regency can make decisions and avoid mistakes that can be caused.
2. In subsequent studies it is also recommended to be carried out in objects, industrial types, and larger samples. It is expected to obtain a more accurate relationship and validity between variables.

Limitations

In the process of collecting data, there is a lack of direct interviews with MSME actors in the Gresik Regency Region so that there are limitations of researchers who cannot directly supervise the results of respondents, therefore the results of respondents in the study can be biased and do not describe the original conditions that actually occurred.

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