

The Influence of Creativity and Innovation in Encouraging Business Success at Car Free Day Jambi City with the Moderation of Business Motivation

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ABSTRACT

This study examines the effects of creativity, innovation, and business motivation on the business success of MSMEs operating during Car Free Day in Jambi City, as well as the moderating role of business motivation. The study used primary survey data from 96 respondents drawn from a population of 495 MSMEs and analysed the model using partial least squares structural equation modelling (PLS-SEM). The results show that creativity ($\beta = 0.258$, $p = 0.002$), innovation ($\beta = 0.257$, $p = 0.002$), and business motivation ($\beta = 0.387$, $p < 0.001$) are positively and significantly associated with business success. However, business motivation does not significantly moderate the relationships between creativity and business success ($\beta = -0.102$, $p = 0.251$) or between innovation and business success ($\beta = 0.192$, $p = 0.067$) at the 5% significance level. These findings highlight the direct importance of creativity, innovation, and motivation for MSME business success while indicating limited evidence of a moderating role for business motivation in this sample.

Keywords: *creativity, innovation, business motivation, and business success*

How to Cite

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1.0 INTRODUCTION

Business is inseparable from humans and has a global orientation toward industrial development, especially in the processing industry sector, with small industries playing a role in ensuring sustainable purchasing power and continuing the industrialisation process. This aligns with the goal of industrial development: improving the quality of the nation's life by increasing independence in industrial development, based on objective potentials such as natural resources and human resources. In each region, small industries can undergo economic crises that have been shown to benefit the regional economy (Yunus, 2019).

To remain competitive, entrepreneurs need the ability to generate and apply new ideas. Creativity supports the generation of novel ideas, while innovation concerns the practical application of ideas to products, services, or processes that create value for customers (Drucker, 2016).

Creativity is the ability to generate original and useful ideas to solve problems or to identify new relationships among existing elements. Lestari and Zakiah (2019) describe creativity in terms of fluency, flexibility, elaboration, and originality in developing ideas and applying them to problem solving. Innovation involves the introduction or application of new ideas, products, services, or processes that deliver value and meet market needs (Hajar, 2019). In entrepreneurship, creativity and innovation are closely related, as creative thinking provides the basis for practical innovation and the identification of new business opportunities (Hadiyati, 2011).

Putro and Takahashi (2024) show that entrepreneurial creativity can support the adoption and continued use of information technology through perceived usefulness and ease of use. Purnama (2020) also emphasises the importance of business motivation and capability in supporting the success of small businesses. In addition, Agustina (2023) links innovative behaviour and entrepreneurial success, indicating that the ability to develop and apply new ideas is relevant to business outcomes. In this context, creativity is evident in entrepreneurs' efforts to adapt existing ideas and develop new approaches to business development.

Based on the above phenomenon, entrepreneurship is an attitude, soul, and noble spirit in a person who is innovative, creative, and strives for personal and societal progress. Therefore, this research assessed the influence of creativity and innovative behavior on the success of small industrial businesses through business motivation, as many entrepreneurs face capital constraints and declining motivation due to unstable market share. Therefore, small businesses are worth researching because they continue to improve, and creating products requires a high level of creativity and innovation to drive business development and motivate the pursuit of business success.

Enthusiasm can be generated by instilling awareness in Entrepreneurship. Independence can also be fostered by instilling skills and knowledge. To continue developing the business, it is necessary to foster creativity and innovation so consumers do not feel bored, as well as to strengthen business motivation to increase the enthusiasm of business actors. Especially for Car Free Day traders in Jambi City, entrepreneurs must continue to cross-check and update both variety and taste. If entrepreneurs continue to offer the same variety, competition will increase. Observations show that the average trader still makes products with the same variants, varieties, and flavours as other traders. There has been no change, creativity, or innovation to keep up with development; to compete, traders must improve their products by adding creativity and innovation.

Previous studies report mixed findings regarding innovation, motivation, and business success. Siti and Ma'rifah (2017) reported that innovation did not affect business success through the proposed motivational mechanism, while Nurjanah and Meiriyanti (2023) found that innovation did not directly affect MSME success in their model. Holilurrohman et al. (2023) also reported a non-significant relationship between motivation and business success. These inconsistencies may reflect differences in research context, model specification, and respondent characteristics. Accordingly, further examination is warranted to determine whether business motivation changes the relationships between creativity, innovation, and business success among MSMEs operating in the Car Free Day setting in Jambi City.

This research is expected to contribute to the development of entrepreneurship theory and provide practical insights for business actors on how to use public events, such as CFD, to increase the competitiveness and success of their businesses. The results of this study will provide useful recommendations for developing more effective business strategies for community events. Therefore, this topic is worth researching because it continues to grow and attract many visitors, so business actors need a high level of creativity and innovative behaviour to develop business motivation and achieve business success.

2.0 LITERATURE REVIEW

Knowledge-Based View Theory

The theory underlying this research is the Knowledge-Based View. Curado and Bontis, as cited in Ermawati and Arumsari (2021), emphasise knowledge as a strategic resource that can support business performance. In the context of MSMEs, this perspective is relevant because entrepreneurial knowledge can facilitate creative problem solving, innovation, and the development of business capabilities.

Business Success

Business success is the achievement of the Company's goals. Business success aims to explain improvements in the situation over time (Miftah & Pangiuk, 2020). Entrepreneurial success is not limited to a person's ability to accumulate wealth and be self-sufficient; it can be generated in several ways that add value. To be measured by a person's ability to develop, build, and operate a venture from something that was previously broken, dysfunctional, or may not exist (Miftah & Pangiuk, 2020). Indicators of business success are Profitability/Profit, Effectiveness and Productivity, Competitiveness, Competence, and building a positive company image.

Business Motivation

Entrepreneurial motivation is an impulse that arises from within and beyond a person to engage in business activities (Alfiyanti & Ardianti, 2016). With this impulse, the individual can determine what business to pursue and set future goals and expectations. Everyone who wants to become a successful entrepreneur must have strong entrepreneurial motivation, as it shapes their mindset to always strive to excel in every business. The indicators of business motivation are need for achievement, risk-taking, Tolerance for ambiguity, and Passion.

Creativity

Creativity can be understood as a way of thinking that connects and reorganises existing knowledge to produce useful new ideas. Suryana and Bayu (2015) describe creativity as an important entrepreneurial capability for identifying opportunities and developing solutions. In this study, creativity is represented by opportunity creation, invention, and calculated risk taking.

Innovation

When producing products, the company should align with consumers' needs and desires. Some marketing experts offer different views on what products mean. According to Kotler and Armstrong (2019), products are things that can be offered to the market to attract attention, acquisition, use, or consumption to satisfy a desire or need. Indicators of innovation are Product quality, Product variants, Product style, and design.

3.0 METHODOLOGY

Data were analysed using partial least squares structural equation modelling (PLS-SEM) with SmartPLS 3. The model comprises four substantive latent constructs—creativity, innovation, business motivation, and business success—together with two interaction terms used to test moderation. Consistent with the measurement model reported in the findings section, the substantive constructs were specified reflectively. PLS-SEM was selected because it is suitable for estimating latent-variable models with relatively small samples and enables the simultaneous assessment of the measurement and structural models (Ghozali & Latan, 2015).

Partial Least Squares (PLS) Method Measurement

PLS-SEM estimation involves calculating latent-variable scores, outer-model relationships between constructs and indicators, and inner-model relationships among constructs. Model evaluation, therefore, requires assessment of both measurement quality and structural relationships. In this study, the measurement model was assessed using outer loadings, average variance extracted (AVE), cross-loadings, composite reliability, and Cronbach's alpha, while the structural model was assessed using R^2 and bootstrapped path estimates (Ghozali & Latan, 2015).

Analytical Techniques

The analysis was conducted in two stages. First, the reflective measurement model was evaluated for convergent validity, discriminant validity, and internal consistency reliability. Second, the structural model was evaluated using R^2 , path coefficients, and bootstrapping to assess the statistical significance of the direct and interaction effects. Statistical significance was evaluated at the 5% level ($p < 0.05$).

4.0 FINDINGS AND DISCUSSION

The design of the PLS measurement model matters because it determines whether indicators are reflective or formative. The reflective model mathematically treats indicators as sub-variables influenced by latent variables, meaning the same factors (the latent variables) influence both the indicators and the latent variables. This study uses a reflective model. This study used SmartPLS version 3.00 to enter data and calculate indicator scores. In this study, all latent variables had reflective indicators.

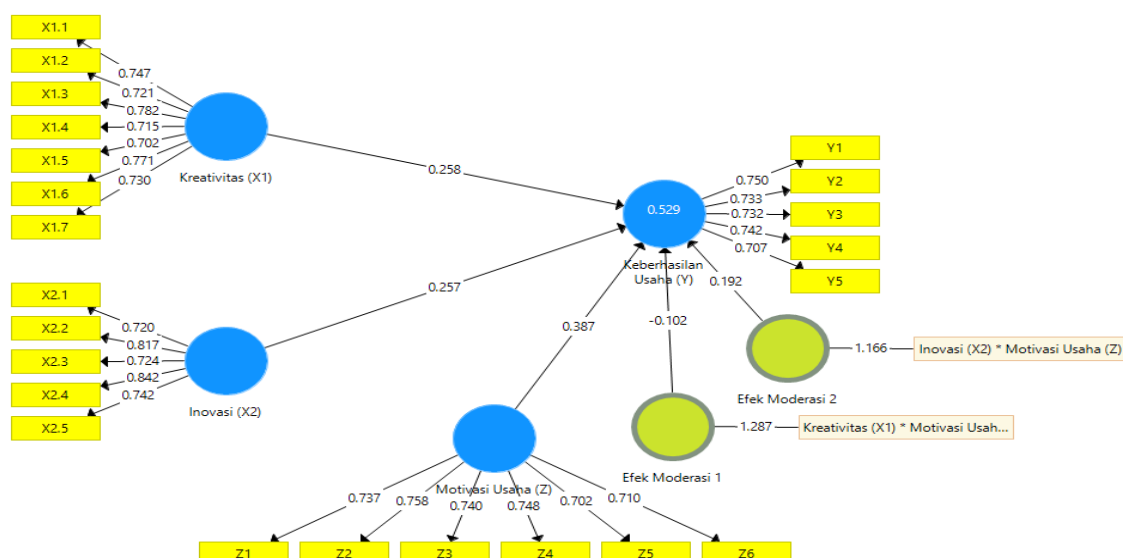
Convergent Validity Testing

Convergent validity assesses the validity of each relationship between an indicator and its latent construct or variable. PLS-SEM has two types of validity: convergent and discriminant. Convergent validity means a set of indicators represents and underlies a single latent variable.

Loading Factor

Outer loadings indicate the strength of the relationship between each reflective indicator and its intended latent construct. For reflective measurement models, loadings of approximately 0.70 or higher are generally considered satisfactory. The initial model is presented in Figure 1.

Figure 1
Results of the Initial Research Model Calculation



Information
X1 = Creativity
X2 = Innovation
Z = Business Motivation

Y = Business Success

Source: SmartPLS 3 Processed Data (2025)

Figure 1 presents the estimated measurement and structural model. The outer loadings for the indicators of creativity, innovation, business success, and business motivation are reported in Table 1.

Table 1
Outer Loading

Matrics	Moderation Effect 1	Moderation Effect 2	X1	X2	Y	Z
X1 * Z	1.287					
X2 * Z		1.166				
X1.1			0.747			
X1.2			0.721			
X1.3			0.782			
X1.4			0.715			
X1.5			0.702			
X1.6			0.771			
X1.7			0.730			
X2.1				0.720		
X2.2				0.817		
X2.3				0.724		
X2.4				0.842		
X2.5				0.742		
Y1					0.750	
Y2					0.733	
Y3					0.732	
Y4					0.742	
Y5					0.707	
Z1						0.737
Z2						0.758
Z3						0.740
Z4						0.748
Z5						0.702
Z6						0.710

Source: SmartPLS 3 Processed Data (2025)

As shown in Figure 1 and Table 1, all indicators of the four substantive reflective constructs have outer loadings above 0.70: creativity (X1) has seven indicators, innovation (X2) has five indicators, business success (Y) has five indicators, and business motivation (Z) has six indicators. These results support indicator reliability for the four substantive constructs. The interaction terms ($X1 \times Z$ and $X2 \times Z$) are moderation product terms and should not be interpreted in the same way as standard reflective indicators.

Average Variance Extracted (AVE)

The average variance extracted (AVE) was used to assess construct-level convergent validity. An AVE value above 0.50 indicates that a construct explains more than half of the variance in its indicators. The AVE results are presented in Table 2.

Table 2
Average Variance Extracted Value

Variable	Average Variance Extracted (AVE)
Moderation Effect 1	1.000
Moderation Effect 2	1.000
creativity (X1)	0.546
innovation (X2)	0.594
business success (Y)	0.537
business motivation (Z)	0.537

Source: SmartPLS 3 Processed Data (2025)

Table 2 shows that creativity (AVE = 0.546), innovation (AVE = 0.594), business success (AVE = 0.537), and business motivation (AVE = 0.537) all exceed the 0.50 threshold, supporting convergent validity. The reported values of 1.000 for the single interaction terms are not interpreted as evidence of superior convergent validity because the interaction constructs are not standard multi-item reflective constructs.

Discriminant validity was assessed using cross-loadings. For the substantive reflective constructs, an indicator should load more strongly on its intended construct than on the other constructs. The cross-loading results are presented in Table 3. Because the moderation terms are interaction constructs rather than ordinary multi-item reflective constructs, their cross-loadings should be interpreted cautiously.

Table 3
Cross Loading

Matriks	Moderation Effect 1	Moderation Effect 2	X1	X2	Y	Z
X1 * Z	0.764	1.000	-0.274	-0.227	-0.084	-0.200
X2 * Z	1.000	0.764	-0.369	-0.248	-0.262	-0.367
X1.1	-0.264	-0.256	0.747	0.287	0.433	0.341
X1.2	-0.224	-0.112	0.721	0.324	0.380	0.244
X1.3	-0.394	-0.272	0.782	0.368	0.387	0.405
X1.4	-0.188	-0.184	0.715	0.360	0.297	0.175
X1.5	-0.190	-0.167	0.702	0.338	0.267	0.169
X1.6	-0.296	-0.157	0.771	0.411	0.470	0.403
X1.7	-0.306	-0.256	0.730	0.342	0.424	0.336
X2.1	-0.034	-0.028	0.226	0.720	0.393	0.314
X2.2	-0.268	-0.272	0.399	0.817	0.428	0.330
X2.3	-0.282	-0.197	0.396	0.724	0.338	0.310
X2.4	-0.240	-0.209	0.459	0.842	0.507	0.455
X2.5	-0.127	-0.157	0.309	0.742	0.374	0.321
Y1	-0.115	-0.021	0.392	0.411	0.750	0.410
Y2	-0.156	-0.099	0.482	0.367	0.733	0.437
Y3	-0.256	-0.192	0.345	0.375	0.732	0.410
Y4	-0.237	-0.003	0.397	0.499	0.742	0.446
Y5	-0.198	-0.003	0.313	0.303	0.707	0.551
Z1	-0.260	-0.075	0.312	0.207	0.523	0.737
Z2	-0.305	-0.121	0.301	0.251	0.482	0.758
Z3	-0.292	-0.163	0.262	0.321	0.439	0.740
Z4	-0.217	-0.121	0.378	0.402	0.421	0.748
Z5	-0.340	-0.298	0.300	0.430	0.382	0.702
Z6	-0.208	-0.139	0.294	0.442	0.439	0.710

Source: SmartPLS 3 Processed Data (2025)

Table 3 indicates that the indicators of creativity, innovation, business success, and business motivation generally load most strongly on their intended constructs. This pattern supports discriminant validity among the four substantive constructs. The interaction-term columns are not used as the primary basis for assessing discriminant validity of the substantive measurement model.

Reliability Test

Internal consistency reliability was assessed using composite reliability and Cronbach's alpha (Ghozali & Latan, 2015). Values above 0.70 are generally considered acceptable for established reflective constructs. The results are presented in Table 4.

Table 4
Composite Reliability and Cronbach's Alpha

Variable	Composite Reliability	Cronbach's Alpha
Moderation Effect 1	1.000	1.000
Moderation Effect 2	1.000	1.000
creativity (X1)	0.894	0.870
innovation (X2)	0.879	0.828

business success (Y)	0.853	0.785
business motivation (Z)	0.874	0.828

Source: SmartPLS 3 Processed Data (2025)

Based on Table 4, the composite reliability values for creativity, innovation, business success, and business motivation range from 0.853 to 0.894, while Cronbach's alpha values range from 0.785 to 0.870. These values exceed the commonly used 0.70 threshold and indicate satisfactory internal consistency for the four substantive constructs. The value of 1.000 for the single interaction terms arises from their single-term specification and should not be interpreted as a conventional scale reliability estimate.

R Square

R² indicates the proportion of variance in an endogenous construct explained collectively by the predictors included in the structural model.

Table 5
R-Square Value

	R Square	R Square Adjusted
Y	0.529	0.503

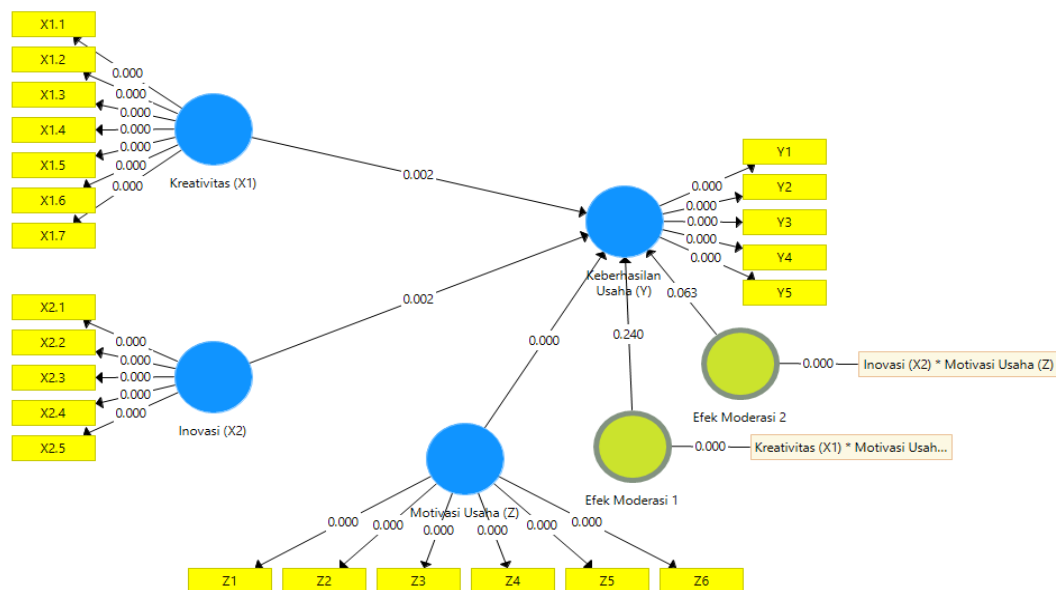
Source: SmartPLS 3 Processed Data (2025)

Table 5 shows an R² value of 0.529 and an adjusted R² value of 0.503 for business success. Thus, the predictors included in the structural model—creativity, innovation, business motivation, and the two interaction terms—collectively explain 52.9% of the variance in business success in this sample. The remaining variance is associated with factors not represented in the model and random variation.

Model Structural Testing

The structural model was evaluated using bootstrapped estimates. A relationship was considered statistically significant when its p-value was below 0.05. Figure 2 presents the bootstrapping model, and Tables 6 and 7 report the significance tests and path estimates.

Figure 2
Bootstrapping Information



X1 = Creativity

X2 = Innovation

Z = Business Motivation

Y = Business Success

Source: SmartPLS 3 Processed Data (2025)

The significant results for the structural relationships are summarised in Table 6.

Table 6
Bootstrapping Significance Results

Variable	T Statistics	P Values
Moderation Effect 1 -> Business Success (Y)	1.150	0.251
Moderation Effect 2 -> Business Success (Y)	1.838	0.067
Creativity (X1) -> Business Success (Y)	3.092	0.002
Innovation (X2) -> Business Success (Y)	3.041	0.002
Business Motivation (Z) -> Business Success (Y)	4.334	0.000

Source: SmartPLS 3 Processed Data (2025)

Table 6 shows that the interaction between creativity and business motivation is not statistically significant ($p = 0.251$), and the interaction between innovation and business motivation is also not statistically significant at the 5% level ($p = 0.067$). In contrast, creativity ($p = 0.002$), innovation ($p = 0.002$), and business motivation ($p < 0.001$) each have statistically significant direct relationships with business success.

Hypothesis Testing

Table 7 reports the full bootstrapping estimates for the structural model, including the original sample coefficients, sample means, standard deviations, t-statistics, and p-values.

Table 7
Path Coefficients

	Original Sample	Sample Mean (M)	Standard Deviation	T Statistics (O/STDEV)	P Values
Moderation Effect 1 -> Business Success (Y)	-0.102	-0.087	0.089	1.150	0.251
Moderation Effect 2 -> Business Success (Y)	0.192	0.178	0.104	1.838	0.067
Creativity (X1) -> Business Success (Y)	0.258	0.256	0.083	3.092	0.002
Innovation (X2) -> Business Success (Y)	0.257	0.260	0.085	3.041	0.002
Business Motivation (Z) -> Business Success (Y)	0.387	0.397	0.089	4.334	0.000

Source: SmartPLS 3 Processed Data (2025)

Creativity has a positive and statistically significant relationship with business success ($\beta = 0.258$, $t = 3.092$, $p = 0.002$). The result supports a positive direct relationship between creativity and business success among the MSMEs examined.

Innovation also has a positive and statistically significant relationship with business success ($\beta = 0.257$, $t = 3.041$, $p = 0.002$), indicating that higher innovation is associated with greater business success in the study sample.

Business motivation has a positive and statistically significant relationship with business success ($\beta = 0.387$, $t = 4.334$, $p < 0.001$), indicating that stronger business motivation is associated with higher business success.

The interaction between creativity and business motivation is negative but not statistically significant ($\beta = -0.102$, $t = 1.150$, $p = 0.251$). Therefore, the study does not provide evidence that business motivation moderates the relationship between creativity and business success at the 5% significance level.

The interaction between innovation and business motivation is positive but not statistically significant at the 5% level ($\beta = 0.192$, $t = 1.838$, $p = 0.067$). Therefore, the study does not provide sufficient evidence that business motivation moderates the relationship between innovation and business success under the stated significance criterion.

5.0 CONCLUSION

The findings show that creativity, innovation, and business motivation each have positive and statistically significant direct relationships with business success among MSMEs operating during Car Free Day in Jambi City. Creativity ($\beta = 0.258$, $p = 0.002$) and innovation ($\beta = 0.257$, $p = 0.002$) indicate that the generation and application of new ideas are positively associated with business success, while business motivation ($\beta = 0.387$, $p < 0.001$) shows the strongest direct coefficient among the three predictors. The structural model explains 52.9% of the variance in business success ($R^2 = 0.529$). However, the interaction between creativity and business motivation is not significant ($\beta = -0.102$, $p = 0.251$), and the interaction between innovation and business motivation is also not significant at the 5% level ($\beta = 0.192$, $p = 0.067$). Accordingly, the results support the direct roles of creativity, innovation, and business motivation, but they do not provide sufficient evidence that business motivation moderates either relationship in this sample. These findings should be interpreted in light of the study's sample and cross-sectional design.

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7.0 CONFLICT OF INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in the paper.

8.0 AUTHOR CONTRIBUTION STATEMENT

Aulia Cindy Dwi Putri contributed to the conceptualization, research design, and preparation of the original draft.

Sigit Indrawijaya contributed to data collection, analysis, and validation of the results.

Ida Masriani contributed to supervision, critical review, and editing of the final manuscript.

All authors have read and approved the final version of the manuscript.

9.0 ETHICS STATEMENT

This study involved questionnaire-based data from MSME participants. Participants were informed about the purpose of the study and provided informed consent prior to participation. Participation was voluntary, participants' privacy and confidentiality were maintained, and the collected data were used solely for academic research purposes.

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