

## ***The Influence Of Grit And Growth Mindset In Maintaining The Sustainability Of Small And Medium Enterprises In Kupang City***

### **Pengaruh Grit Dan Growth Mindset Dalam Mempertahankan Keberlangsungan Usaha Kecil Dan Menengah Di Kota Kupang**

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#### **ABSTRACT**

*This study aims to examine the influence of grit and growth mindset on entrepreneurial success in Micro, Small, and Medium Enterprises (MSMEs) in Kupang City. In the context of the challenges faced by MSME actors, especially in the Eastern Indonesia region, resilient character and a developing mindset are important factors in determining the resilience and success of the business. Grit, which reflects perseverance and consistency towards long-term goals, as well as a growth mindset, which is the belief that skills can be developed through effort and learning, are seen as able to strengthen entrepreneurial resilience. This study uses a quantitative approach with a survey method on MSME actors, as well as data analysis through PLS-SEM. The results of the study are expected to make a theoretical contribution to the literature on entrepreneurship and positive psychology, as well as the basis for the formulation of MSME empowerment strategies based on strengthening character and mindset, especially in areas with limited resources such as Kupang City.*

**Keywords:** Grit, Growth Mindset, Kupang City, MSMEs

#### **ABSTRAK**

Penelitian ini bertujuan untuk mengkaji pengaruh grit dan growth mindset terhadap keberhasilan wirausaha pada pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) di Kota Kupang. Dalam konteks tantangan yang dihadapi oleh pelaku UMKM, terutama di wilayah Indonesia Timur, karakter tangguh dan pola pikir berkembang menjadi faktor penting dalam menentukan daya tahan dan keberhasilan usaha. Grit, yang mencerminkan ketekunan dan konsistensi terhadap tujuan jangka panjang, serta growth mindset, yaitu keyakinan bahwa kemampuan dapat dikembangkan melalui usaha dan pembelajaran, dipandang mampu memperkuat ketahanan wirausaha. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei terhadap pelaku UMKM, serta analisis data melalui PLS-SEM. Hasil studi diharapkan dapat memberikan kontribusi teoritis bagi literatur kewirausahaan dan psikologi positif, sekaligus menjadi dasar perumusan strategi pemberdayaan UMKM yang berbasis penguatan karakter dan pola pikir, khususnya di daerah dengan sumber daya terbatas seperti Kota Kupang.

**Kata Kunci:** Grit, Growth Mindset, Kupang City, MSMEs

#### **1. Introduction**

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, including in Eastern Indonesia such as Kupang City. MSMEs not only absorb a large number of workers, but also drive local economic growth (Ministry of Cooperatives and SMEs, 2023). However, MSME actors in Kupang City are still faced with various challenges, such as limited access to capital, digital gaps, and low market competitiveness. In this context, the success of entrepreneurship is not only determined by external factors such as resources and infrastructure, but also by internal factors in the form of individual character and mindset of business actors.

Two psychological aspects that are now increasingly being considered in entrepreneurship studies are grit and growth mindset. Grit refers to persistence and

consistency in achieving long-term goals, especially when faced with obstacles (Duckworth & Gross, 2014). Meanwhile, a growth mindset is the belief that abilities can be developed through effort and learning (Yeager et al., 2019). Individuals with grit will tend to continue to struggle in difficult conditions, and those with a growth mindset will be more open to feedback and change. These two characters are relevant in the context of dynamic MSMEs and full of uncertainty, such as those faced by business actors in Kupang City.

Recent studies show that grit and growth mindset have a positive relationship with entrepreneurial performance, innovation, and business resilience (Bittencourt et al., 2025; Tekwe, 2020). In conditions of limited resources, MSME actors who have grit tend to be more resilient to failure and more focused on executing their vision (Christian & Ardianti, 2023). Meanwhile, a growth mindset can help them see failure as a learning opportunity and spark the exploration of new strategies in running a business. Thus, these two aspects become potential internal forces that can increase the likelihood of long-term success in the entrepreneurial world.

Unfortunately, MSME empowerment programs at the regional level still emphasize more technical aspects, such as digital marketing training, bookkeeping, or access to financing, and have not targeted strengthening the psychological capacity of business actors (Dhamayantie & Fauzan, 2017). In fact, research shows that interventions to increase grit and growth mindset can be carried out through structured training or coaching, and have a significant impact on business resilience and sustainability (Credé et al., 2017). Therefore, it is important to empirically explore the role of these two psychological factors in the local context to produce more comprehensive policy recommendations and mentoring programs.

This study aims to examine how grit and growth mindset affect the success of entrepreneurship among MSME actors in Kupang City. The results of this study are expected not only to enrich the scientific literature in the field of entrepreneurship and positive psychology, but also provide strategic input for the development of MSME empowerment programs in Eastern Indonesia. With a deeper understanding of the role of character and mindset in the business world, it is hoped that local MSMEs can grow in a more resilient, adaptive, and sustainable manner. These findings also have the potential to be the basis for the development of contextual and applicative psychologically-based entrepreneurship training. In addition, the results of the research can be an input for policymakers in designing more holistic interventions to strengthen the capacity of regional entrepreneurs.

## **2. Literature Review**

### ***Grit and Growth Mindset***

Concept Grit was first systematically introduced by Angela Duckworth as a combination of perseverance and consistency for long-term goals. Individuals who have Grit tend not to give up easily despite repeated challenges, failures, or obstacles. Grit is not just a momentary hard work, but psychological endurance that keeps a person committed to his goals for a long period of time (Duckworth & Gross, 2014). In the context of entrepreneurship, Grit It plays an important role because entrepreneurs often face situations full of uncertainty, risk, and pressure that require high emotional resilience.

Meanwhile, Growth Mindset is a concept developed by Carol Dweck, which refers to the belief that abilities and intelligence can be developed through effort, the right strategy, and learning from failure. Individuals with Growth Mindset Do not consider failure as an indicator of incompetence, but rather as an opportunity to learn and grow (Dweck, 2006). In contrast to Fixed Mindset, who views talent and intelligence as something constant, Growth Mindset encourage a person to continue growing. In the world of entrepreneurship, this mindset can drive innovation, courage to take risks, and adaptability to market changes.

These two concepts—Grit and Growth Mindset—are closely interrelated and complementary in explaining one's success, especially in a resiliently demanding environment such as the business world. Some studies show that individuals who have Growth Mindset more likely to develop Grit, because they see challenges as part of the learning process, not as the final obstacle (Hochanadel & Finamore, 2015; Tang et al., 2019). In the context of MSME entrepreneurship, especially in areas with limited resources such as Kupang City, these two characteristics are very relevant to be studied because they can explain internal factors that contribute to the success or resilience of the business in the long term.

### ***The Impact of Grit and Growth Mindset on Entrepreneurial Resilience***

Resilience in entrepreneurship (Entrepreneurial Resilience) is the ability of an entrepreneur to survive, adapt, and bounce back from challenges or failures in running a business. In this context, Grit It plays an important role as a psychological foundation that encourages individuals to remain consistent towards long-term goals, despite repeated obstacles or external pressures. Research shows that entrepreneurs with a Grit those who are tall tend not to give up easily and are better able to maintain enthusiasm in the face of business uncertainty (Arco-Tirado et al., 2019; Himpi & Sinaga, 2024). They have mental endurance that allows them to keep trying, learning from failures, and improving their business strategies.

Besides Grit, Growth Mindset also contributes significantly to entrepreneurial resilience. Entrepreneurs with Growth Mindset have the belief that their ability to run a business can be developed through effort, experience, and continuous learning. This makes them more open to criticism, not afraid of failure, and always looking for ways to improve themselves and their business (Dweck, 2006; Naumann, 2017). In a dynamic and risky business world, this mindset is an important asset because it helps entrepreneurs stay flexible, adaptive, and innovative in the face of market changes.

When grit and growth mindset are possessed at the same time, the impact on entrepreneurial resilience becomes stronger. Individuals are not only long-term committed to their efforts, but are also able to interpret each failure as part of the process of self-development. The combination of perseverance and belief in the potential for personal growth creates a resilient psychological foundation in the face of various pressures in the business world, including limited capital, market competition, or even economic crises. Thus, strengthening these two characteristics can be an important strategy in building entrepreneurs who are not only successful, but also highly resilient and sustainable, especially among MSME actors who often face structural challenges and limited resources. Therefore, our hypothesis is as follows:

Hypothesis 1 : Grit has a positive effect on entrepreneurial resilience

Hypothesis 2 : Growth Mindset has a positive effect on entrepreneurial resilience

### ***The Interaction between Grit and Growth Mindset***

In the positive psychology literature, grit and growth mindset are often discussed as two complementary characteristics in supporting individual success, including in the context of entrepreneurship. Grit, which is defined as perseverance and consistency in achieving long-term goals (Duckworth & Gross, 2014), providing the impetus to survive in the face of uncertain business challenges. On the other hand, the growth mindset, which is the belief that abilities can develop through effort and experience (Dweck, 2006), allows individuals to see failure not as an end, but rather as part of the learning process. When both are present simultaneously, entrepreneurs not only have high psychological stamina, but also have the cognitive flexibility to learn and grow from experience.

Several studies show that a growth mindset can amplify the positive influence of grit on individual performance and resilience. Individuals who have high grit but are fixed minded tend to experience burnout or stagnation because they may continue to try without improving strategies or expanding skills. In contrast, entrepreneurs with a growth mindset have a tendency to evaluate, adjust, and develop their approach, so that the hard work done through grit becomes more effective (Jemal, 2020). In the context of MSMEs, this is very relevant considering that business actors often have to face various obstacles, such as limited resources, market competition, and changes in policies and technology.

The interaction between grit and growth mindset forms a psychological combination that supports sustainable entrepreneurial endurance. With grit, business actors have perseverance and determination not to give up, while with a growth mindset, they are able to respond to obstacles with a learning and innovation approach. These interactions create resilience that is not just passive survival, but proactive resilience—able to rise, adapt, and even grow under stressful conditions (Wolfe & Patel, 2016). Therefore, understanding the synergy between grit and growth mindset is important in designing entrepreneurial interventions or training, especially for MSME actors in areas with structural challenges such as Kupang City.

Hypothesis 3 : There is an interaction between Grit and Growth Mindset in its influence on entrepreneurial resilience

### 3. Research Methods

This study uses a quantitative approach with a survey method to examine the effect of Grit and Growth Mindset on the success of entrepreneurship in MSME actors in Kupang City. The quantitative approach was chosen because it allows researchers to measure the relationships between variables objectively and systematically, as well as generalize findings based on numerically measurable data (Creswell & Creswell, 2017). The survey was conducted using a structured questionnaire that was distributed directly or online to respondents who met the criteria.

The population in this study is all active MSME actors in Kupang City, which includes various sectors such as trade, culinary, services, and handicrafts. The sampling techniques used are purposive sampling, with the following criteria: (1) the business actor has been running a business for at least one year, (2) has business legality or is registered with a local government agency or MSME association, and (3) is willing to fill out a complete questionnaire. The planned sample count is 150 respondents, referring to the minimum rule for analysis Partial Least Squares Structural Equation Modeling (PLS-SEM) according to Hair Jr et al. (2021), which suggests a minimum number of respondents based on the complexity of the model and the number of indicators.

The research instrument consists of three main parts. First, the Grit measured using Grit-S Scale developed by Duckworth and Quinn (2009), consists of 8 items that reflect two dimensions: consistency of interest and perseverance. Second, the variable Growth Mindset measured using a scale of Dweck (2006), which has been contextually adapted for entrepreneurship and consists of 6 items. Third, entrepreneurial success is measured based on business performance indicators that include revenue growth, business sustainability, and personal satisfaction, with a scale developed from research Rauch and Frese (2007). All items were graded using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) to capture respondents' level of approval of each statement.

The collected data will be analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with the help of the latest version of SmartPLS software. The analysis stage includes testing convergent validity (Average Variance Extracted), discriminant validity (Fornell-Larcker and HTMT), and construct reliability (Cronbach's Alpha and Composite

Reliability). Hypothesis testing was carried out through testing the structural relationship between variables, as well as interaction analysis to find out whether growth mindset plays a role as a moderator in the relationship between grit and entrepreneurial success. This analysis is expected to provide empirical understanding that can be used in the preparation of character development and entrepreneurship training programs among MSMEs in Eastern Indonesia, especially in Kupang City.

#### 4. Results and Discussions

##### ***Respondent Characteristics***

This study involved 183 Micro, Small, and Medium Enterprises (MSMEs) in Kupang City. Respondents consisted of 82 males (44.8%) and 101 females (55.2%). In terms of age, the 30–39 years group is the largest proportion (31.7%), followed by 40–49 years (25.1%), 20–29 years (22.4%), and ≥50 years (20.8%). Respondents were spread across five main business sectors, namely services (28.4%), trade (27.9%), culinary (21.3%), handicrafts (12.6%), and other categories (9.8%). The length of business operation varies, with the majority being in the range of 1-5 years (42.1%), while 33.3 percent have been running a business for 6-10 years, and 24.6 percent for more than 10 years. A total of 127 respondents (69.4%) have official business legality, while the rest (30.6%) have not been formally registered. This picture shows that the research respondents have diverse business backgrounds, both in terms of experience, sector, and legality.

##### ***Instrument Validity and Reliability Test***

The research instrument consists of three main constructs, namely grit (8 items), growth mindset (6 items), and entrepreneurial resilience (6 items). The results of the convergent validity analysis showed that all indicators had a loading value above 0.60. Average Variance Extracted (AVE) for grit is 0.57, growth mindset is 0.54, and resilience is 0.59. All AVE values are above the 0.50 threshold, so the instrument meets the convergence validity requirements. The construct reliability test also showed adequate results with Cronbach's Alpha and Composite Reliability (CR) values greater than 0.70 for the entire construct (grit:  $\alpha = 0.81$ ; CR = 0.87; growth mindset:  $\alpha = 0.79$ ; CR = 0.85; resilience:  $\alpha = 0.82$ ; RR = 0.88). Thus, the research instrument is declared valid and reliable to measure the construct being studied.

##### **Moderation Analysis**

Moderation analysis was carried out using PROCESS Macro Hayes Model 1. This model tests the influence of grit on entrepreneurial resilience with a growth mindset as a moderator variable. The test results are shown in Table 1.

**Table 1. Results of Moderation Regression Analysis (PROCESS Model 1)**

Variable Predictor	B (Koef.)	ONE	t	p
Constant	1,58	0,61	2,59	0,010
Grit (X)	0,07	0,20	0,35	0,730
Growth Mindset (M)	0,11	0,20	0,54	0,588
Grit × Growth Mindset (X*M)	0,10	0,06	1,51	0,013

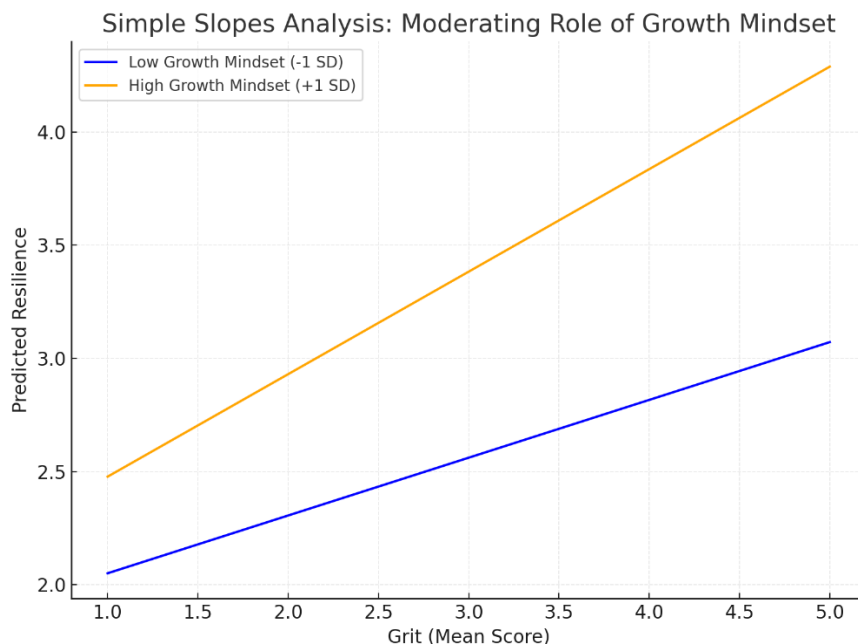
The results of the analysis showed that grit did not have a significant effect on entrepreneurial resilience ( $B = 0.07$ ;  $p = 0.730$ ). Similarly, growth mindset had no significant effect directly ( $B = 0.11$ ;  $p = 0.588$ ). The interaction between grit and growth mindset has a positive direction ( $B = 0.10$ ), and is significant at the level of 5 percent ( $p = 0.013$ ). This indicates a tendency that growth mindset can strengthen the influence of grit on resilience. Determination coefficient value ( $R^2 = 0.14$ ;  $F(3.179) = 9.65$ ;  $p < 0.001$ ) shows that the

combination of variables in the model explains 14 percent variation in entrepreneurial resilience.

### Simple Slope Analysis

To clarify the results of the interaction, a simple slope analysis was carried out by comparing the conditions of low growth mindset ( $-1$  SD) and high ( $+1$  SD). The results showed that at a low growth mindset level, the relationship between grit and resilience was relatively weak. On the other hand, at a high level of growth mindset, the influence of grit on resilience is stronger.

Figure 1 shows the interaction plot from the results of the simple slope analysis. The blue line indicates a low growth mindset condition, where increased grit has almost no impact on resilience. Meanwhile, the orange line indicates a high growth mindset, with a steeper line slope, so the higher the grit, the higher the entrepreneurial resilience.



**Figure 1. The Plot of the Interaction of Grit and Growth Mindset on Resilience**

Overall, these results show an interaction pattern that is in line with the research hypothesis, namely that growth mindset has the potential to strengthen the influence of grit on entrepreneurial resilience.

The results of this study show that grit and growth mindset, separately, do not have a significant influence on the entrepreneurial resilience of MSME actors in Kupang City. However, the interaction between the two tends to show a positive direction, namely grit is more effective in increasing resilience when individuals have a high growth mindset. The pattern of relationships that appear to be consistent with the research hypothesis. The determination coefficient value of 14 percent also shows that grit, growth mindset, and interaction contribute to explaining the variation in entrepreneurial resilience, although there are many other factors outside the model that play a role.

Theoretically, this study enriches the literature on entrepreneurship and positive psychology by emphasizing the importance of seeing grit and growth mindset not as stand-alone constructs, but as mutually reinforcing combinations. These findings are in line with the view that grit requires cognitive flexibility so that it does not turn into stagnant perseverance, while a growth mindset provides direction and meaning in the face of failure. Thus, this

research contributes to the development of a conceptual model that links personal character with entrepreneurial resilience in the context of MSMEs in areas with limited resources.

The practical contribution of this research is mainly related to MSME empowerment programs. The results suggest that it is not enough for training interventions to focus only on technical aspects, such as digital marketing or access to financing, but also important for developing the psychological capacity of business actors. Programs designed to improve long-term perseverance (grit) will be more effective if they are accompanied by efforts to build confidence that abilities can develop through effort and learning (growth mindset). In this way, MSME actors will have better resilience in the face of uncertainty, as well as be more adaptive to change.

However, this research has several limitations. First, the data used is still self-reported through questionnaires, so it has the potential to cause perception bias. Second, the scope of research is limited to MSMEs in Kupang City, so generalization of findings to other regions needs to be done carefully. Third, the cross-sectional research design does not allow researchers to assess changes in grit, growth mindset, and resilience over time. Further research can consider longitudinal design to more comprehensively capture the dynamics of entrepreneurial resilience. In addition, future research can also add contextual variables, such as social support, network access, or institutional factors, which are likely to also affect the resilience of MSME actors.

## 5. Conclusion

This study aims to examine the influence of grit and growth mindset on the entrepreneurial resilience of MSME actors in Kupang City, with growth mindset placed as a moderator variable. The results of the analysis show that neither grit nor growth mindset directly have a significant influence on resilience. However, the interaction between the two shows a positive direction, which indicates that grit is more effective in increasing resilience when business actors have a high growth mindset. Although the influence of this interaction is not statistically significant, the pattern of relationships formed is in line with the research hypothesis and confirms the importance of combining these two psychological aspects in building entrepreneurial resilience.

In general, this study emphasizes that the resilience of MSME actors is not only determined by external factors such as capital and market access, but also by internal psychological characteristics. Thus, strengthening psychological capacity in the form of long-term perseverance (grit) and belief in the ability to continue to develop (growth mindset) can be an important strategy in empowering MSMEs. Although the contribution made by this model is still limited, this study opens up space for more in-depth follow-up studies by expanding the scope of the context, adding supporting variables, and using longitudinal design to capture the dynamics of entrepreneurial resilience more comprehensively.

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