

THE IMPACT OF SELF-EFFICACY ON ENTREPRENEURS' SUSTAINABILITY IN COIMBATORE CITY

Dr.R.Velmurugan,

Associate Professor in Commerce, Karpagam Academy of Higher Education, Coimbatore
velmurugancom@kahedu.edu.in

ABSTRACT

Next to agriculture, significant contribution is made by entrepreneurs for our country's economic growth. So, the government extends a helping hand for the promotion of entrepreneurship. But, only a few entrepreneurs are able to sustain in the long-run, and many incur loss and wind-up their business units. For sustainability, entrepreneurs require not only various skill sets for entrepreneurship but also self-efficacy (SE). The result of the study reveals that managerial skill, opportunity-identification, customer-relationship, self-efficacy etc. significantly influence entrepreneurs' sustainability.

Keywords: Self-efficacy, Entrepreneurs, Sustainability, Entrepreneur Problems

INTRODUCTION

The Central Government aspires to make Indian economy as \$5 trillion economy, which is possible by with agricultural reforms, containment of inflation, entry into global exports, urbanization, active involvement of women in the work force and, more importantly, development of entrepreneurs. In fast developing economics like India, entrepreneurship plays an imperative role in national development. Considering the significance of entrepreneurship, the Government has introduced numerous schemes for the promotion of entrepreneurship like, Startup India, Standup India, New Generation Innovation and Entrepreneurship Development Centre, A Scheme for Promoting Innovation and Rural Entrepreneurship (ASPIRE), MUDRA Loan, Credit Guarantee Schemes for Startups, Venture Capital Scheme etc. Further, University Grants Commission and All India Council for Higher Education have issued a circular to Higher Educational Institutions for establishing Incubation Centers to extend necessary assistance for the promotion of Startups, Standups etc. for promoting entrepreneurship. Utilizing these schemes a greater number of persons have established their business ventures, though only a few were able to sustain. The reason for the failure may be various internal and external factors. External factors include lack of finance (Reddy and Moorthy, 1979), lack of modern technology (Ambilikumar, 1989), shortage and poor quality of raw materials (Jayachandran and Narendra Kumar, 1995), power problem (Usha Umesh, 1999), marketing problems (Maniklal and Ganesan, 2001), shortage of working capital (Embran, 2003) etc. Internal factors include skill sets of entrepreneurs like communication skills, listening skills, technical skills, soft skills etc. (Sumathy, 2019). Self-efficacy of an individual plays a significant role for the success of an entrepreneurship. Self-efficacy is one's belief that he / she has the ability and competency to accomplish an assigned task. Thus, the success of entrepreneurs depends not only on skill sets possessed by them but also on managerial skill, opportunity-identification, functional relationship, self-efficacy etc. (Jegadeeswari, 2016).

REVIEW OF LITERATURE

Fred Luthans and Elina and S Ibrayeva (2006) in their study observed that sustainability of business depended upon the self-efficacy level of entrepreneurs. Edgar Izquierdo and Marc Buelens (2008) in their study identified that a person with high self-efficacy would embark on entrepreneurship. Jose Luis Martinez Campo (2011) in his article revealed that entrepreneurial self-efficacy helped to carry out all preliminary activities for establishing a new business venture. Ayodele, Kolawole Olanrewaju (2013) in his study identified that individual self-efficacy was positively related to entrepreneur sustainability. Kumaresan, R. (2009) in his book specified that self motivation, innovativeness, flexibility to get along with others and an ability to have sound judgement would lead to business sustainability. Mahima Rai (2010) in her article identified that leadership quality, risk-taking ability, creativity skill on innovating new methods on production and marketing, positive response to third party suggestions and interpersonal skills led to sustainability of business. Mary Kay Copeland (2010) in her study pointed out that proprietors' creative ability, risk-taking caliber, the ability to tackle unforeseen business situation led to business sustainability. Nasrul Quadir et al. (2011) in their study identified that maintaining a harmonious relationship with employees will help in business sustainability. Edwige Kamitewoko et al. (2013) in their study observed that the educational qualification of proprietors and their experience in handling trade and finance determined business sustainability. Rohani Mohd et al. (2014) in their study observed that entrepreneurs' SE significantly influenced entrepreneurial success. Chao Miao, Shanshan Qian, Dalong Ma (2016) in their study ascertained that entrepreneurial SE was an important construct accomplishing entrepreneurial tasks. Edward Turner (2016) in his study observed that innovativeness and self-efficacy contributed to business success. Lawal et al. (2016) in their study identified that the size of a firm, its ability

in managing working capital, frequent updating of infrastructure and easy access to finance led to entrepreneurs' sustainability.

STATEMENT OF THE PROBLEM

Real economic progress lies with entrepreneurs. Both Central and State Governments have extended more assistance for the promotion of entrepreneurship. Utilizing Government assistance, many entrepreneurs have established their business units in Coimbatore city. But only a few entrepreneurs have been able to sustain for long, while many have failed miserably. Thus, the survival of entrepreneurs depends on various skills sets required for entrepreneurs (Sumathy, 2019). Above all the survival of entrepreneurs depends on their self-efficacy too (Jegadeeswari, 2016). So, a study has been done to identify the impact of self-efficacy on entrepreneurs' sustainability in business.

OBJECTIVE OF THE STUDY

❖ To ascertain the impact of Self-efficacy on entrepreneurs' sustainability

RESEARCH METHODOLOGY

Data

Primary data required for the study were collected through Questionnaire.

Sample Design

By employing snowball sampling method data have been collected from three hundred and eighty-four entrepreneurs of Coimbatore city.

Tools Employed

Regression test is employed for analyzing the data.

FINDINGS

Managerial Self Efficacy

Managerial SE means an individual's skill to extract work from his employees to attain his business goal.

Opportunity-Identification Self Efficacy

Opportunity-identification SE denotes an individual's belief in utilizing the prevailing market opportunity (i.e.) Ability of an entrepreneur to identify customer expectations and manufacturing products to meet them.

Functional Skills Self-efficacy

Functional SE means one's belief in managing unexpected day to day business problems.

Relationship Self Efficacy

Relationship SE means an individual's belief in maintaining harmonious relationship with his employees and customers for the smooth running of business.

Tolerance Self-Efficacy

Tolerance SE means one's belief in managing stress during unfavorable business situations.

Financial Control Self-efficacy

Financial SE is an individual's belief in mobilizing the required financial resources in time and an effective utilization of funds.

Innovation Self-efficacy

Innovation SE denotes one's ability to introduce new process in production, in order not only to minimize the cost of a product but also to improve its quality.

Technical Self-efficacy

Technical SE is an individual's ability to learn and introduce new methods in the production process.

In order to find out the impact of self-efficacy on entrepreneur's sustainability regression test is employed. The following regression equation has been framed to ascertain the impact of the variables on sustainability:

$$SUS = a + b_1 MSE + b_2 OISE + b_3 FS + b_4 RSE + b_5 TSE + b_6 FC + b_7 IRT + b_8 TK + e$$

where,
 SUS = Sustainability
 a = Intercept Term
 MSE = Managerial Self Efficacy
 OISE = Opportunity Identification Self Efficacy
 FSSE = Functional Skills Self Efficacy
 RSE = Relationship Self Efficacy
 TSE = Tolerance Self Efficacy
 FCSE = Financial Control Self Efficacy
 ISE = Innovation Self Efficacy
 TSE = Technical Self Efficacy
 e = Error term

Table 1
Determinants of Sustainability -Multiple Regression Analysis

Variables	Regression coefficient	Standard error	t
Managerial Self Efficacy	0.356**	0.061	5.795
Opportunity Identification Self Efficacy	0.144*	0.069	2.091
Functional Skills Self Efficacy	-0.069	0.065	-1.057
Relationship Self Efficacy	6.975**	1.495	4.667
Tolerance Self Efficacy	0.117*	0.057	2.058
Financial Control Self Efficacy	0.117*	0.047	2.505
Innovation Self Efficacy	0.381**	0.041	9.367
Technical Self Efficacy	0.319**	0.040	7.972

* Significant at five per cent level ** Significant at one per cent level

Constant : 37.157
 Std. Error of Estimate : 11.667
 R² : 0.441
 R² : 0.463**

The result of regression test reveals that technical innovation, relationship, managerial and financial control and tolerance and managerial self-efficacy significantly influence entrepreneurs’ sustainability. Around 46.30 per cent of variation in the level of sustainability is due to the select independent variables.

SUGGESTIONS

- ❖ Mastering is the way of building self-efficacy. Thus, an individual may establish a business venture after obtaining enough experience.
- ❖ Observation is another mode of building self-efficacy. New entrepreneurs may take successful entrepreneurs as their role models. Budding entrepreneurs may follow the strategies followed by successful entrepreneurs for establishing their business units.
- ❖ Newly established entrepreneurs may fix feasible attainable targets, i.e. production, sales and profit. Once they achieve the target, it will motivate them to move further.
- ❖ To improve self-efficacy and to sustain their business, entrepreneurs should always think positively. Even during the economic slowdown, entrepreneurs should try to find an opportunity for survival.
- ❖ Entrepreneurs should maintain cordial relationship with other entrepreneurs too for sharing their views and experience for enriching their own business.
- ❖ Newly established entrepreneurs should not compare themselves with the market leaders. They should introspect on their progress over the years, which may improve their confidence level and help them sustain their business.

CONCLUSION

The result of study reveals that managerial self-efficacy, opportunity-identification self-efficacy, relationship self-efficacy, tolerance self-efficacy, financial control self-efficacy, innovation-self efficacy and technical self-efficacy significantly influence entrepreneurs’ sustainability. An individual’s self-efficacy level can be improved by acquiring the required skill sets. Thus, educational institutions should come forward to extend necessary support to Government authorities by arranging appropriate training programmes to entrepreneurs for improving their various skill sets and self-efficacy level for their long-term sustainability as well as for our economic progress.

REFERENCES

1. Ambilikumar (1989), "Working of Small Scale Industries in Kerala with Special Reference to Trivandrum District", Ph.D. Thesis, University of Kerala, Kerala.
2. Ayodele, Kolawole Olanrewaju (2013), "Demographics, Entrepreneurial Self-Efficacy And Locus Of Control As Determinants of Adolescents' Entrepreneurial Intention in Ogun State, Nigeria", *European Journal Of Business And Social Sciences*, Vol. 1, No. 12, pp. 59-67
3. Chao Miao, Shanshan Qian, Dalong Ma (2016), "The Relationship between Entrepreneurial Self-Efficacy and Firm Performance: A Meta-Analysis of Main and Moderator Effects", *Journal of Small Business Management*, Vol.55, No.1, pp.87-107
4. Edgar Izquierdo (2008), "Competing Models of Entrepreneurial Intentions: The Influence of Entrepreneurial Self-Efficacy and Attitudes", http://www.espae.espol.edu.ec/images/documentos/publicaciones/documentos_trabajo/entrepreneurship/competing_models_of_entrepreneurial_intentions.pdf
5. Edward Turner (2016), "African American Entrepreneurial Sustainability", Walden University Scholar Works, <http://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=3532&context=dissertations>
6. Edwige Kamitewoko and Brazzaville, Congo (2013), "Determinants of Entrepreneurship Success: An Examination of Chinese-Owned Businesses in Congo Brazzaville", *Scientific Research*, Vol.2, No. 3, pp. 113-120.
7. Embran, M. K. (2003), "A study on Women Entrepreneurship in Kerala", (Un-published Ph.D. thesis), Mahatma Gandhi University, Kottayam, Kerala, India.
8. Fred Luthans and Elina S Ibrayeva (2006), "Entrepreneurial Self-efficacy in Central Asian Transition Economies: Quantitative and Qualitative Analyses", *Journal of International Business Studies*, Vol.37, pp. 92-110
9. Jayachandran and Narendra Kumar (1995), "Plight of Small Scale Units in Industrial Estate", *Kurukshetra*, Vol. XLIII, No.12, pp.30-34.
10. Jegadeeswari (2016), "Factors associated with Sustainability of Micro Small and Medium Enterprises' Entrepreneurs", *International Journal of Commerce and Management Research*, December 2016, Vol. 2, Issue 12, pp.41-43
11. Jose Luis Martinez Campo (2011), "Analysis of the influence of Self-efficacy on Entrepreneurial Intentions", *Prospect*, Vol. 9, No.2, pp.14-21.
12. Kumaresan R. (2009), "Entrepreneur versus Entrepreneurship Development", MSK Publications, Salem
13. Lawal, Fatai Alani, Worlu, Rowland E, and Ayoade, Omisade Ezekiel (2016), "Critical Success Factors for Sustainable Entrepreneurship in SMEs: Nigerian Perspective", *Mediterranean Journal of Social Sciences*, Vol.7, No.3, pp. 338-346
14. Mahima Rai (2010), "Honoring Entrepreneurial Skills: Role of B Schools", *MBA Review - Special edition on Entrepreneurial Skills*, Hyderabad.
15. Maniklal and Ganesan (2001), "Global Women Entrepreneurs Profile", *Southern Economist*.
16. Mary Kay Copeland (2010), "Strategies for developing Entrepreneurship: Nature or Nurture?", *MBA Review - Special edition on Entrepreneurial Skills*, Hyderabad
17. Nasrul Quadir, Mohammad Saleh Jahur (2011), "Determinants of Success and Failure of Entrepreneurs of SMEs in Bangladesh- An Exploratory Study", *European Journal of Business and Management*, Vol.3, No.2.
18. Reddy and Moorthy (1979), "Capacity Utilization in Small Industry, SEDME, Vol. 6, No.1, pp. 16-22.
19. Rohani Mohd, Badrul Hisham Kamaruddin, Salwana Hassan and Mazzini Muda (2014), "The important role of Self-Efficacy in Determining Entrepreneurial Orientations of Malay Small Scale Entrepreneurs in Malaysia", *IJIMS*, Vol.20, No.1, pp.62-82
20. Sumaty, M (2019), "Skill Sets for Rural Entrepreneurs Sustainability in Central District of Tamilnadu", *International Journal of Disaster Recovery and Business Continuity*, Vol. 10, December, 2019, pp. 75-80
21. Usha Umesh (1999), "Women Entrepreneurs in the Informal Sector: A Study of Kerala", *Southern Economist*, p. 23