

# THE INFLUENCE OF GENERAL SELF-EFFICACY ON WOMEN ENTREPRENEURS

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## ABSTRACT

*Presently, women play an important role as changing the global economy being a consumer, worker and entrepreneur. There is a yearly increase in the number of women in workforce where in 2015, women represented 54.1 percent or nearly half of the Malaysian workforce. Thus the Malaysia government through Budget 2015, the government has attempted to enhance the role of women in national development and nurturing of future generations. This study investigated the relationship between General Self-Efficacy (GSE) and business performance among women entrepreneurs in Malaysia. Focus on the impact of GSE as a sufficient and stable, trait-like generality dimensions of self-efficacy on women micro-entrepreneurs' business performance. A sample of 184 women micro-entrepreneurs were involved in the survey. Data collected was analysed using Multiple Regression Analysis. The findings revealed that general self-efficacy had significant correlation and relationship with business performance of women-micro entrepreneurs. The Social Cognitive Theory has supported the finding that general self-efficacy had a significant positive effect on women entrepreneurs' business performance. The utilisation of general self-efficacy has fill in the scarcity of researches on GSE and contributed to the significance of this study.*

**Keywords:** Women Entrepreneurs, General Self-efficacy, Women-Micro Entrepreneurs, Business Performance.

## INTRODUCTION

Nowadays, women account for more than half of the Asian population. Their participation in business is increasing at a rapid pace in Indonesia, Malaysia, Thailand, and Vietnam. Generally, the number of women-owned businesses in Malaysia is increasing by the year. In 2010, the figure was 126,910, increased to 186,855 in 2016 (SME Corporation Malaysia, 2017). Also, in the latter year, 20.6 percent of the 907,065 Small and Medium Enterprises (SMEs) in Malaysia were owned by women. Furthermore, women-owned micro-businesses accounted for one-fourth (20.6 percent) of the national Gross Domestic Product (GDP) in 2016. The Malaysian Government has designated SMEs, particularly those with women entrepreneurs, as the backbone of the national economy. In light of the fact that women entrepreneurs play vital roles in the development of the economies of their families and countries, it is arguable that their performances are lower than those of male entrepreneurs (Akanji, 2006; Fairlie & Robb, 2009; Ocholah et al., 2013). Studies have shown inconsistent findings regarding the performances of women entrepreneurs. Some have reported that the performances of male entrepreneurs were greater than those of their female counterparts (Watson, 2002; Akanji, 2006), and that the majority of female businesses remained small (Marlow & McAdam, 2013). On the other hand,

Watson (2013) has noted that female-owned businesses performed slightly better than male-owned ones. Meanwhile, other studies did not find gender-based differences in terms of entrepreneurial performance (Du Rietz & Henrekson, 2000; Bardasi, 2007). Thus, the ambiguity in the performances of women-owned businesses was one of the gaps to be accounted for by this study.

## LITERATURE REVIEW

### Business Performance

Performance is a continuous and flexible process which involves managers, partners, and people who run the business (Armstrong, 2006). It is also the end result of business activities and strategic management processes (Agha et al., 2012). According to Bernardin (2010), a person's job performance depends on a combination of ability (or competency), effort, and opportunity, all of which should be measured in terms of the outcomes or results. Teoh & Chong (2007) identified performance as the act of doing something successfully with the application of knowledge in contrast to the mere possession of the same. Likewise, Smith & Reece (1999) defined business performance as "*The operational ability to satisfy the desires of the company's major shareholders*". Yet, past studies have not given much attention on the role of gender and the relative difference in business performance with respect to the same. In other words, the performances and success of women entrepreneurs were defined differently as compared to their male counterparts. As Carter et al. (2001) stated that discussions on the relationship between gender and business performance have increased in the last 15 years. Previous researches have reported that women-owned businesses were smaller and had slower growth (Hanson, 2009) as the successes of individuals and businesses have been measures in terms of money and profits. This has led to the general perception that these businesses were not as successful as those which were owned by males (Sabarwal & Terrell, 2008). Women entrepreneurs' strategic approaches towards performance improvement tend to emphasise on quality, unlike their male counterparts (Chaganti & Parasuraman, 1994). According to Alam et al. (2011), women entrepreneurs measure success in terms of self-satisfaction when they are able to generate income and contribute to their families. Likewise, Dhaliwal (2000) mentioned that women entrepreneurs felt a sense of success when they saw themselves as valuable economic resources.

### Self-Efficacy

Self-efficacy is defined as a personal estimation of an individual's cognitive and physical capabilities in exercising control over situational demands (Sweida & Reichard, 2013). According to DeNoble et al. (1999), the term referred to the degree to which individuals perceived themselves as having the ability to successfully perform the different roles of entrepreneurship. Meanwhile, Bandura (1977) used self-efficacy to denote a person's ability or competency in performing tasks, attaining goals, and conquering obstacles. Generally, the concept of self-efficacy is derived from a psychological construct of the Social Cognitive Theory (SCT), which explains the ways by which peoples' beliefs in their capabilities will affect their actions and produce the desired outcomes. Self-efficacy has been divided by most researchers into Entrepreneurial Self-Efficacy (ESE) and General Self-Efficacy (GSE), of which the former referred to the strengths of an individual's belief that he/she is capable of successfully undertaking various entrepreneurial roles and tasks (Urban, 2006). As per the literature, ESE

enhances the self-confidence and abilities to perform business-related tasks, which are the core resources for an entrepreneur. On another note, Chen et al. (2001) defined GSE as an individual's belief in his/her overall ability to perform well in a wide variety of situations. In other words, GSE illustrates general self-beliefs without specific criteria. Shane et al. (2003) argued that Entrepreneurial Self-Efficacy (ESE) is a desirable quality of business persons. It refers to the belief that one has the ability to successfully perform various entrepreneurship-related tasks (De Noble et al., 1999).

The literature has identified various factors of the performances of small firms. Self-efficacy was a key factor of the intentions of start-up businesses and new ventures, apart from individual achievements (Markman et al., 2002; Hmieleski & Baron, 2008). McGee et al. (2009) and Herath (2014) suggested that the role of self-efficacy in business performance should be further investigated since it depended on the goals of the entrepreneurs and could be dissimilar between them. Above all, Bandura (1986) claimed that self-efficacy was an important mechanism of behavioural change that affected the daily lives of the people and as acted as a determinant of individual performance. On the other hand, several scholars have advocated the usage of a general measure of self-efficacy instead of ESE as the latter was a domain-specific construct. Pilai et al. (2011) concurred that recent researches have begun to focus on the construct of GSE, which was relatively stable, trait-like, and a belief of generalised competence (Chen et al., 2001). Although there were differences between the aforementioned constructs in terms of scope, both SSE and GSE were related to the beliefs about one's ability to achieve his/her desired outcomes (Chen et al., 2001).

In most researches on business start-ups, the validity of ESE measurements in nascent entrepreneurs was questionable since they did not have entrepreneurial experience (Khedhaouria et al., 2015). Although previous studies have shown a positive relationship between ESE and business performance, most of them have been conducted on university students rather than practising entrepreneurs which those studies had lack of diversity in the sampled populations (McGee et al., 2009). Therefore, studies on GSE are believed to be more suitable as entrepreneurs need a diverse set of roles and skills, and that it is too difficult to identify a comprehensive yet parsimonious list of specific tasks which are explicitly associated with entrepreneurial activities (Markman et al., 2002). Additionally, GSE also captured the perceptions of individuals towards their abilities to perform a variety of tasks across a variety of situations; it was not specific limited to entrepreneurial activities only. GSE was also an important trait that differentiated individuals according to their attitudes and motivation in the performance of tasks (Chen et al., 2000). Entrepreneurs' perceptions of their abilities to face business difficulties are the best personal trait for good business performance and achievement of performance goals (Khedhaouria et al., 2015). Since GSE refers to a broad and stable sense of personal competence in the effective dealing with a variety of stressful situation, previous researches also have established a link between self-efficacy and performance in clinical and educational settings (Ishak, 2012).

## METHODOLOGY

The quantitative methods and surveys were conducted in this study. The units of analysis for this study were women-owned businesses underneath Amanah Ikhtiar Malaysia (AIM), the leading microfinance institution in Malaysia. A systematic sampling technique was used along with random selection of samples from AIM database. Out of 500 distributed questionnaires, 230 were returned and only 184 questionnaires were used for further analysis. The data was

processed using the Statistical Packages for Social Science (SPSS) version 21. The regression analysis was performed to test the relationships between general self-efficacy and women entrepreneurs' business performance.

## RESULTS

In this study, the effects of GSE on the dependent variable have been tested to significance levels of 99 percent and utilised p-value 0.01. Following the regression analysis, the general self-efficacy coefficient was  $B=0.528$ , indicating that a 1-unit increase in self-efficacy would increase business performance by 0.528 and will significantly improve the business performances of women entrepreneurs ( $p<0.01$ ). Thus, the finding found that general self-efficacy has an influence and significant relationship on business performance Table 1.

|                | <b>Unstandardized B</b> | <b>Std. Error</b> | <b>Standardize Beta</b> |       | <b>Sig.</b> |
|----------------|-------------------------|-------------------|-------------------------|-------|-------------|
| Constant       | 1.98                    |                   |                         |       |             |
| Self-Efficacy  | 0.283                   | 0.076             | 0.282                   | 3.713 | 0.000*      |
| R <sup>2</sup> | 0.210                   |                   |                         |       |             |
| F              | 6.6686                  |                   |                         |       |             |
| Sig.           | 0.000                   |                   |                         |       |             |

Dependent Variable: Business Performance.

Note: \*Significance level at 0.01 (2-Tailed).

## DISCUSSION AND CONCLUSION

The findings have explored that general self-efficacy had a significant positive association and influence with women entrepreneurs' business performance. It found that self-efficacy leads to women entrepreneurs' business performance as most of the respondents have high judgement of their capabilities to organize and dealing with various tasks towards their business success. The respondents revealed that the higher level of self-efficacy lead to the higher level of business performance which indirectly improve their business performance and achieve business success. The aforementioned effect has been explained and supported by the Social Cognitive Theory (Bandura, 1986), whereby individuals with high levels of self-efficacy had more self-confidence and tended to perform well in their jobs. On the other hand, those with low levels of self-efficacy always doubted their abilities and easily lost confidence in the same, hence reducing their efforts to perform the tasks successfully. In conclusion, despite the fact that most existing studies have suggested that ESE was a better parameter in the entrepreneurial field, they have largely focused on the role of self-efficacy in business start-ups and entrepreneurial intentions (Hmieleski & Baron, 2008; Drnovsek, et al., 2010). Thus, this study has filled the knowledge gap by strengthen the limited empirical evidence by evaluated the General Self-Efficacy. Future studies are recommended to compare the effects of ESE versus GSE on the business performances of women entrepreneurs and the discussion should be more widespread as a whole since women play an important role in the development of international communities.

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