

Factors associated with the sustainability of micro small and medium enterprises' entrepreneurs

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Abstract

Entrepreneurial Self-Efficacy (ESE) is viewed as the capabilities that can modify a person's belief in his or her livelihood for completing the tasks required to initiate the business successfully. To measure the self-efficacy of an entrepreneurs, a questionnaire as suggested by Albert Bandura is constructed. To identify the prominent Entrepreneurial traits that affects the Entrepreneurs to sustain in the business, Structural Equation Model is employed. The result confirmed that the existence of Managerial, Opportunity, Functional, Relationship, Tolerance, Financial, Innovation, and Technical traits increases the self-efficacy level. The entrepreneurs with high level of self-efficacy will sustain in the business in the longer run.

Keywords: self-efficacy, entrepreneurship, sustainability

1. Introduction

Entrepreneurial Self-Efficacy (ESE) examines its relationship with the commitment to the entrepreneurial intentions and actions. ESE is a construct that measures a person's belief in their own abilities to perform on the various skill requirements which are necessary to pursue a new venture. Recent literature applying on ESE shows a promise in differentiating the entrepreneurs and non-entrepreneurs (Chen, *et al.*, 1998; Golden & Cooke, 1998). Micro, Small and Medium Entrepreneurs (MSME) are important to the development of a country and their contribution for the independence of the economy. Strong MSME sector highly facilitates the upward mobility of an economy by absorbing the unemployment and promoting innovations (Gray, 2006; Bovee, Thill, & Mascon, 2007; Griffin & Ebert, 2006). Their role is vital for developing the economies due to their major contribution to GDP compared to the large-scale firms. The estimated contribution of Micro, Small and Medium Enterprises sector, including the service segment, of the country's GDP during 2012-13 was 37.54 per cent; while the total employment in the sector is 805.24 lakh and the share of the MSMEs in India's total export for the year 2014-15 was 44.70 per cent, which was informed in the Parliament by the Union Minister of MSME, Kalraj Mishra. He gave this information as a written reply to a question asked in Lok Sabha (SME Street: Knowledge & Networking for Growth 9/1/2016). More micro, small and medium entrepreneurs in Coimbatore region are moving towards for the public sector. The prospect of year-round orders, bigger client base and payment security is making the bigger public sector units look more attractive for the small industry sector. Many such industries are equipping themselves to participate and undertake government contracts. The Times of India Business, Dec 29, 2015 says that 12,873 Units Registered under MSME in Coimbatore and 1,02,103 Employees worked in MSME sector in Coimbatore (*Source: District Industrial Center, Coimbatore YEAR: 2014-2015*).

2. Review of Literature

Jose Luis Martinez campo (2011) in her study reveals that the gender acts as a mediator between the self-efficacy and development of an individual intentions to become an entrepreneur. Herath H. M. A. & Rosli Mahmood (2014) ^[1] in their study confirm that the existence of the entrepreneurial self-efficacy among the Sri Lankan entrepreneurs is considerably at a higher level. Rohani Mohd, Badrul Hisham Kamaruddin, Salwana Hassan and Mazzini Muda (2014) ^[5] in their study indicate that the self-efficacy is significantly related to the entrepreneurial orientation and self-efficacy of the Malay entrepreneurs have affected the innovativeness more strongly than the proactive dimension of the entrepreneurial orientations. Keith M. Hmieleski and Robert A. Baron (2008) ^[2] in their study indicate that the effects of the entrepreneurial self-efficacy; a three-way interaction between self-efficacy, optimism, and environmental dynamism is observed with respect to firm performance. The high self-efficacy is not always beneficial for the entrepreneurs and exert negative effects under some conditions. Jenny Lukito Setiawan (2014) in his study shows that the overall level of the Entrepreneurial Self-Efficacy among the students are high. Based on the analyses of every dimension of the Entrepreneurial Self-Efficacy's, purpose and initiating investor relationships achieved the highest level, whereas coping with the unexpected challenges reached the lowest level. Nancy G. Boyd and George S. Vozikis (1994) ^[3] in their study find that a lack of self-confidence is a major obstacle in the career development of the potential female entrepreneurs. Samuel Toyin Akanbi (2013) in his study fined that familial factors, personality trait and self-efficacy are connected with the entrepreneurial intention. It is therefore, indispensable for counselling practitioners to make use of these variables while counselling.

3. Objective

To identify the factors that influence the sustainability of the Entrepreneurs.

4. Methodology

Data: The data required for the study is primary in nature. The primary data is collected by employing the Questionnaire.

Area of Study: The present study is confined to Micro, Small and Medium Enterprises of Coimbatore city.

Sample Design: The snowball sampling method is used to collect the data. With the reference 500 Micro Small and

Medium Entrepreneurs are selected.

Framework of Analysis: The collected data are analyzed by making use of the Structural Equation Model.

Analysis and Interpretation: To identify the prominent Entrepreneurial traits that affects the Entrepreneurs to sustain in the business and the Structural Equation Model is used to find the suitable model frame.

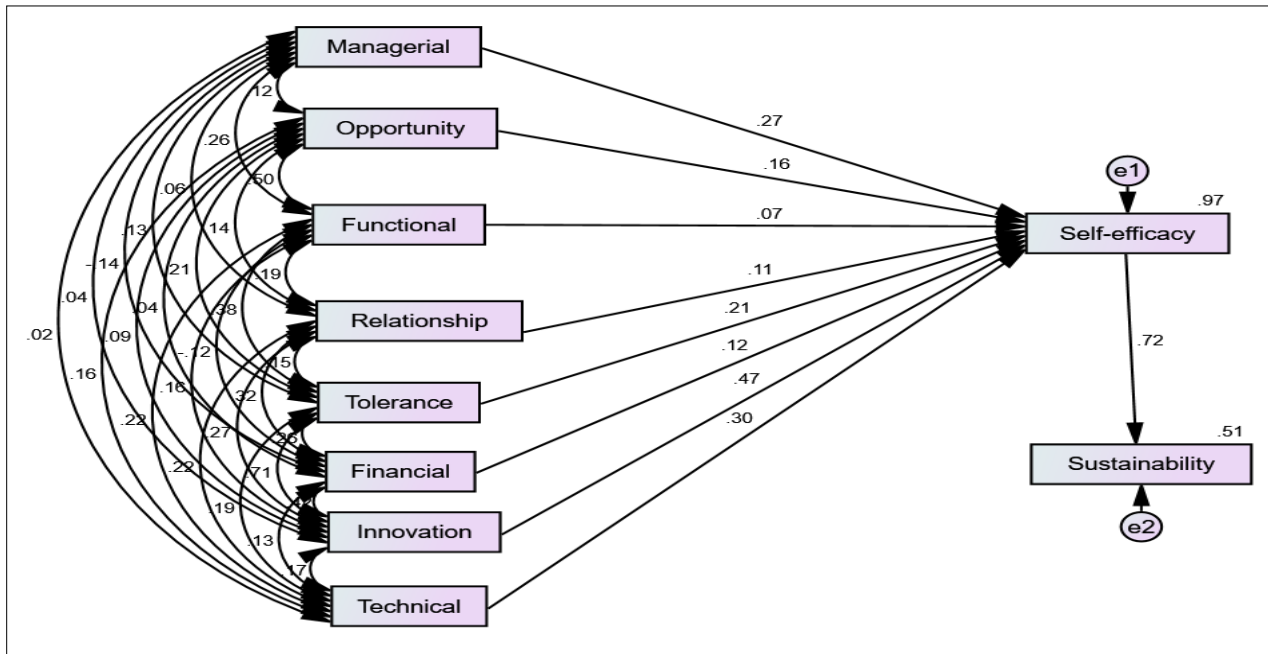


Fig 1: Structural Equation Model on Self Efficacy

Table 1: Regression Weights

			Estimate	S.E.	C.R.	P
Selfefficacy	<---	Managerial	.230	.005	47.864	***
Selfefficacy	<---	Oppportunity	.132	.005	25.169	***
Selfefficacy	<---	Functional	.052	.005	9.446	***
Selfefficacy	<---	Relationship	.109	.006	18.026	***
Selfefficacy	<---	Tolerance	.107	.004	25.368	***
Selfefficacy	<---	Financial	.083	.005	18.077	***
Selfefficacy	<---	Innovation	.160	.003	56.661	***
Selfefficacy	<---	Technical	.155	.003	53.450	***
Sustainability	<---	Selfefficacy	1.500	.047	31.887	***

Model Fit Summary

Table 2: AMOS-Summary Statistics for model fit

Model fit index	Recommended values	Observed values
Chi-square/degrees of freedom	<=3.00	0.010
GFI	>=0.90	1.000
AGFI	>=0.80	1.000
CFI	>=0.90	1.000
RMSEA	<=0.08	0.010
TLI	>=0.95	1.000

CFI- Comparative Fit Index, GFI- Good Fit Index, AGFI- Adjusted Goodness of Fit Index, RMSEA-Root Mean Square Error of Approximation, SRMR-Standardized Root Mean Residual, NPAR-Number of Parameters, LOC-Locus of Control, EFA-Exploratory Factor Analysis, CFA-Confirmatory Factor Analysis, AFI-Absolute Fit Indices, IFI-

Incremental Fit Indices, NFI-Normed Fit Index, PFI-Parsimony Fit Indices, RFI-Reporting Fit Indices and TLI-Tucker-Lewis Index.

***Source:** for model fit index and recommended values “Application of structural equation modelling in educational research and practice” by Myint Swe Khine (Ed.).

5. Findings

From the above table it is inferred that the Managerial, Opportunity, Functional, Relationship, Tolerance, Financial, Innovation and Technical traits may assist the entrepreneurs to raise their entrepreneurial self-efficacy. The entrepreneurs with high level of self-efficacy may sustain in the business for a longer period of time.

Results of the SEM analysis indicates that the model offers a good fit to the data. Six fit indices which are commonly used in the SEM to test the model fit are Chi-square/degrees of freedom, GFI, AGFI, CFI, RMSEA, TLI are summarized in the table 6. Chi-square/degrees of freedom is less than or equal to 3 (0.000), GFI, CFI and AGFI are greater than or equal to 0.90 and 0.80 (1.000, 1.000, 1.000), RMSEA is less than or equal to 0.08 (0.000) and TLI is greater than or equal to 0.095 (1.000) which clearly shows that all the goodness of fit the statistics is in the acceptable ranges.

6. Suggestions

Government in association with the local educational institutions may arrange necessary training programme for enriching their Self- efficacy level.

The result of the study discloses that an entrepreneur must have a managerial capability for extracting work from his own employees.

Entrepreneur has to maintain cordial relationship with all the stake holders. Further he should also provide pleasant working environment for his employees, thereby their employee's self-efficacy will be raised.

An entrepreneur must have innovative traits. He should always fore look the customers' expectations, and offer products and services in accordance with the anticipation of their customers. Entrepreneur should always search for new opportunities, expansion and diversification business, for their business development and utilize the existing opportunities in order to sustain in the business.

Entrepreneur must have a capability for the raising necessary funds for their business development at a cheaper cost. The available scarce financial resources are to be utilized in an optimal manner.

Entrepreneurs should be well versed in their technical knowledge, which assists them to carry out their production without hindrance and to select modernized equipment for enlarging their production and to reduce the cost of production. Business may have ups and downs in the profit. A business man may not reach success in a single day. Hence an entrepreneur must have the tolerance to bear the losses.

The entrepreneur must extend necessary assistance for his fellow workers for completing the task assigned in time. Further, the entrepreneur must also offer a suitable situation to their employees to extend their innovative suggestion for the business development.

7. Conclusion

The results confirmed that the existence of all the eight traits namely Managerial, Opportunity, Functional, Relationship, Tolerance, Financial, Innovation, and Technical may assist the entrepreneur to increase their self-efficacy level. The entrepreneurs perceive that they are with the ability to develop themselves. It implies that the firms with highly efficacious entrepreneurs are well performing. Moreover, existence of higher level of self-efficacy among the entrepreneurs will be

helpful for them to improve the performance of their entities since the efficacious human agency is a critical factor for the success of the entities operating in the presence of obstacles in the underdeveloped and political economy.

Scope for further Research

In this present study self-efficacy level of MSME entrepreneurs has been ascertained. Similar research studies may be carried out in order to ascertain the Self-efficacy level of female entrepreneurs. Confidence level (self-efficacy) of rural entrepreneurs may be also probed by the future researchers.

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