

## Momentous Explored Gap in Entrepreneurial Self Efficacy an Observational Study

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### Abstract

This study is aimed to identify the research gap in the entrepreneurial research regarding the self efficacy of entrepreneurs. The researcher has reviewed twenty nine articles from eighty two entrepreneurial study based articles. Observations made on the variables on self efficacy and the momentous explored gap was identified that entrepreneurial self efficacy and its impact on the sustainability in their business. The supportive reviews were observed and depicted in this article.

**Key Words:** Entrepreneurial Self Efficacy, Sustainability, Entrepreneurial Study, Variables.

### Introduction

An Entrepreneur is a person who promotes a business. Any individual, who is rather than working as an employee, runs a small business and assumes all risks and rewards of a given business venture, idea or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of innovative ideas and business processes. Entrepreneurs play a key role in any economy. Entrepreneurs seek disequilibrium gap between the wants of customers, products and services that are currently available. Entrepreneurs occupy a central position in a given market economy. For an entrepreneur who serves as a spark plug in the economy's engine, activating and stimulating all economic activity. The economic success of any nations worldwide is the result of encouraging and rewarding the entrepreneurial instinct. A society is prosperous only to the degree to which it rewards and encourages entrepreneurial activity because it is the entrepreneurs and their activities that are the critical determinants of the level of success, prosperity, growth and opportunity of an economy. The most dynamic societies in the world are the one that have the most entrepreneurs, plus the economic and legal structure to encourage and motivate entrepreneurs to greater activities. Important traits of Entrepreneurs are the key factors for most of the entrepreneurial research. Those may be categorized into six main traits. First is Tenacity starting a business is an ultra marathon race. This trait is known by many names like perseverance, persistence, determination, commitment, resilience. Second is Passion which is commonly assumed that successful entrepreneurs are driven by money. Most may say entrepreneurs are fueled by a passion for their product or service, by opportunity to solve a problem and make life easier, better, cheaper. Third is Tolerance of Ambiguity this classic trait is the definition of risk-taking, which means the ability to withstand the fear of uncertainty and potential failure. Fourth is Vision. It defines traits of entrepreneurship which is the ability to spot an opportunity and imagine something where others haven't. Entrepreneurs have a curiosity that identifies overlooked niches and put them at the forefront of innovation and emerging fields. Entrepreneurs imagine another world and have the ability to communicate that vision effectively on investors, customers and employee. Self-confidence is a key entrepreneurial trait being the fifth factor. Researchers define this trait as task-specific confidence and the flexibility being the sixth factor for Business survival. Flexibility that allows entrepreneurs to respond the changing tastes and market conditions is essential. This article focused on the self efficacy of the entrepreneurs.

### Entrepreneur

A person irrespective of sex who holds any business and making money is the common presumption for the term 'entrepreneur' (and entrepreneurship) everywhere. There are many authors defining different situations. In behavioral approaches to the study of entrepreneurship an entrepreneur is viewed as a set of activities involved in organization creation while in trait approaches an entrepreneur is a set of personality traits and characteristics Gartner (1988)<sup>14</sup>. According to Frydman et al. (1999)<sup>13</sup> entrepreneurship is

clearly in part of a matter of human ability. To become an successful entrepreneur, any individual needs to take action in identifying opportunities, deriving a plan to take advantage of the opportunity, executing the plan, and constantly monitoring and adjusting the plan Farmer et al., (2009)<sup>11</sup>. The entrepreneur is assumed to behave as if he maximizes utility including his value and desire to succeed, subject to an income constraint, of which his physical effort in subsistent production and entrepreneurial production generate income Lowrey, Y. (2003)<sup>22</sup>. Entrepreneurs create new businesses, and new businesses in turn create jobs, intensify competition, and may even increase productivity through technological change Acs, Z. (2006)<sup>1</sup>. According to Audretsch, D. and Keilbach, M. (2004)<sup>4</sup> entrepreneurship has typically been referred to as an action, process, or activity. Based on predisposition that the first and the last element of every action, process, or activity is a human and on the finding of Lazear, E., (2002)<sup>21</sup> that the entrepreneur is the single most important player in this modern economy one can presume that entrepreneur is the most influential person for success of any enterprise.

### **Entrepreneur's Life Style**

Entrepreneurs have their own life style, views every day things different like a non entrepreneur. According to Ward, T.B. (2004)<sup>28</sup> entrepreneurs face many significant challenges and tend to think in non-conventional ways Kirby, D.A. (2004)<sup>19</sup> they try to challenge existing assumptions and to be flexible and adaptable in their problem-solving. Entrepreneurs impact positively on enterprise performances Adam, J.D. (2004)<sup>2</sup> and draw upon their human capital (knowledge, skills, and values) to advance the interests of their organizations Ruzzier, M., et al. (2007)<sup>24</sup>. Further Venkataraman, S. (2004)<sup>27</sup> claimed that very important is a change in the set of interrelated intangibles that allow the development of the kind of entrepreneurs who are, as Joseph Schumpeter described them, agents of profound economic and social change. Shane, S. et al. (2000)<sup>25</sup> assumed that entrepreneurship is not solely the result of external factors (the status of the economy, the availability of venture capital, the actions of competitors, and government regulations). They argue that human motivation plays a critical role in the entrepreneurial process. Entrepreneurs are educated, experienced and competent figures at certain field. The entrepreneurial process occurs because people are motivated to pursue and exploit perceived opportunities Hechavarria et al., (2012)<sup>16</sup>. The contingency life style of entrepreneurs is mixed with situational take-up every time.

### **Different Dimensions of an Entrepreneur**

In the case of technological entrepreneurship, technological entrepreneurs have different face. Previous researches Venkataraman, (1997)<sup>26</sup>; Shane and Venkataraman, (2000)<sup>25</sup>; Antoncic et al., (2004)<sup>3</sup> showed that technological entrepreneurs are known on the one hand for having extremely good expert knowledge in their business, especially regarding science and technology, whereas on the other hand they often lack solid business knowledge and a business vision (strategy). Jack, S.L. and Anderson, A.R. (1999)<sup>17</sup> established times shortage is the most frequently cited reason that entrepreneurs do not invest more personal resources into knowledge acquisition processes. Accordingly the knowledge what they presume that entrepreneurs must often make choices based on psychology determinants, emotions and feelings. The question here is what influences the entrepreneur, how can we define that one should have a good potential to be a successful enterprise and career and the other not? In line with our research question also Baron, R.A. (1998)<sup>6</sup> wonders himself: Why do some people, but not others, recognize or create new opportunities? Why do some, but not others, try to convert their ideas and dreams into business ventures? And why, ultimately, are some entrepreneurs successful or others not? In this paper, the researchers tried to answer the above with a focus on two entrepreneurial-psychological related constructs; entrepreneurial curiosity and entrepreneurial self efficacy and show the relation between these two important components of entrepreneurial psychology and their impact on entrepreneurs. The purpose of this paper was to fill the gap in the literature with connection of the entrepreneurial sustainability in business and entrepreneurial self-efficacy and to show, that entrepreneurial sustainability is related to entrepreneurial self-efficacy. Another aim of research was also to show the positive consequences of these two constructs among entrepreneurs and necessity to identify level of them among individuals.

### **Entrepreneurial Self Efficacy**

Hayward et al. (2009)<sup>15</sup> summarized that emotions and certain behavior contribute to entrepreneurial resilience. Entrepreneurial researchers have begun to recognize the potential power of a self-concept based approach for predicting entrepreneurial skills and outcomes (Hoang and Gimeno, (2010); Krueger, (2007); Shepherd and Haynie, (2009); Farmer et al., (2009)). In scientific literature scholars have researched phenomena related to managerial behavior, managerial cognition, and directly to entrepreneurship Krueger, N.F. and Brazeal, D.V. (1994)<sup>20</sup>. An increasing number of studies on entrepreneurial motivation, intentions, and behavior include entrepreneurial self-efficacy as an explanatory variable McGee et al., (2009)<sup>23</sup>. Present research's develop further understanding how certain determinants influence entrepreneurs and more specifically, how does entrepreneurial self-efficacy be increased, beside entrepreneurial sustainability in business among many issues, influence entrepreneurs and performance of their companies. According to the above reviews of self-efficacy has been linked theoretically and empirically with other variables.

### **Entrepreneurial Self Efficacy with Dimensions**

On the one hand literature review has revealed a great interest in researching entrepreneurial self-efficacy with other determinants of an entrepreneur. This is the fact that entrepreneurs are the first and cardinal division in establishing new businesses. Entrepreneurial self-efficacy appears to be an important antecedent to new ventures intentions (Barbosa et al., (2007)<sup>5</sup>; McGee et al., 2009; Zhao et al., 2005), and on the other hand many scholars argue (Krueger and Brazeal, 1994; Markman et al., 2003; Zhao et al., 2005; Hmieleski and Baron, 2008) that without minimal levels of entrepreneurial self-efficacy, it is unlikely that potential entrepreneurs would be sufficiently motivate to engage in the new venture creation process. Entrepreneurship literature where distinguished that entrepreneurial self-efficacy reflects the confidence to individuals so that they can successfully complete a series of entrepreneurial tasks (Chen et al., 1998)<sup>7</sup>; (De Noble et al., 1999)<sup>8</sup>; (Douglas, E.J. 2012)<sup>10</sup>. Forbes, D.P. (2005)<sup>12</sup> developed a measure of entrepreneurial self-efficacy based on one's own confidence in their ability to perform activities related to Finance, Marketing Management, and Risk-Taking aspects of entrepreneurship. Another interesting study was made by Hmieleski and Baron (2008) who researched the interaction between entrepreneurial self-efficacy, optimism, environmental dynamism, and firm's performance. Further studies revealed by Zhao et al. (2005)<sup>29</sup> who studied the connection between entrepreneurial self-efficacy and entrepreneurial education with PG students. While research in other fields suggests that different connections between entrepreneurial self-efficacy and other determinants exist. With this obtained momentous explored gap the researcher's take-up the fact that no research has yet been done in the field of entrepreneurial propensity to sustain in their business connected to entrepreneurial self-efficacy.

### **The Factors towards Self Efficacy**

In the risk taking propensity study by Jintong Tang and Zhi Tang (2007)<sup>18</sup> studied that connection between the relationship of achievement motivation and risk taking propensity to the new venture performance identified that Findings reveal entrepreneurs' achievement motivation significantly and positively relate to performance regardless of the munificence level in the environment. However, risk-taking propensity is only negatively associated with performance at low munificence level. According to Diane.K.et.al (2010)<sup>9</sup> based on the study of Self-Efficacy, Problem Solving, and Social-Environmental Support are Associated With Diabetes Self-Management Behaviors, which belong to health factor of an entrepreneur, their results revealed that self-efficacy, problem-solving, and social-ecological factors increased the variance accounted for all self-management variables, and self-efficacy and problem solving factors were independently associated with three self-management outcomes. This research enlightens that skill development and sustainability are connected with their self control over the health conscious.

## Conclusion

Survey of literature focused on the observed gap in the entrepreneurial studies. Most of the studies were stayed back with students and their personality influencing entrepreneurial intensions and curiosities. It was identified that no such study tried to bring out the relationship between the entrepreneurial self efficacy and the propensity to sustain in their entrepreneurial endeavors. The observational case will lead this research to the concept this research paper.

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