

The Effect of Self-Efficacy and Locus of Control on MSME Entrepreneurs' Performance

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Abstract

This study aims to determine the effect of self-efficacy and locus of control on the performance of MSME entrepreneurs. This research was conducted on entrepreneurs who have been in business for more than 5 years with a sample of 100 respondents. The analysis technique used in this research is the multiple linear regression analysis technique. The results showed that the variables of self-efficacy, locus of control, and entrepreneur performance were high, judging from the range of the scales, the scores were very high. The results of the regression analysis of self-efficacy and locus of control each have a partial and simultaneous effect on the performance of entrepreneurs, the self-efficacy variable is the variable that has the most influence on the performance of entrepreneurs in SMEs in the Gandusari district.

Keywords: *self efficacy, locus of control, entrepreneur performance*

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh efikasi diri dan locus of control terhadap kinerja pengusaha UMKM. Penelitian ini dilakukan pada pengusaha yang telah menjalankan usaha lebih dari 5 tahun dengan sampel sebanyak 100 responden. Teknik analisis yang digunakan dalam penelitian ini adalah teknik analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa variabel efikasi diri, locus of control, dan kinerja wirausaha tergolong tinggi, dilihat dari rentang skala skornya sangat tinggi. Hasil analisis regresi efikasi diri dan locus of control masing-masing berpengaruh secara parsial dan simultan terhadap kinerja wirausahawan, variabel efikasi diri merupakan variabel yang paling berpengaruh terhadap kinerja wirausaha pada UKM di Kecamatan Gandusari.

Kata kunci: efikasi diri, locus of control, kinerja wirausaha

INTRODUCTION

Micro, small, and medium enterprises are one form of profit or business organization. In managing a business or profit-oriented organization, all aspects of management and organization must be a concern, as well as aspects of human resources and their behavior in the organization. This HR aspect is important because one of the determining factors for the success of a business organization's performance is the management of HR and human behavior that will carry out various other management aspects. The results of research by Cassel (2002) on MSME companies explain that HR management practices determine the

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success of the company in achieving its goals. Human resources (HR) are a potential that exists in humans to realize their role as adaptive and transformative social beings who can manage themselves and all the potentials contained in nature toward achieving welfare in a balanced and sustainable order from Bangun (2012) human resource management is concerned with managing people through organizational activities and operational functions.

Bandura (1994) explained self-efficacy beliefs determine how people feel, think, motivate themselves, and behave, this is what is often claimed by self-efficacy, namely people's beliefs about their ability to create a good performance which can affect their lives. The success of a business is influenced by individual characteristics. Individual characteristics are inherent in individuals who can change or are stable over time. Taormina & Lao (2007) individual characteristics that can change are formed by certain situations or certain experiences. Examples are self-efficacy and self-esteem which are formed due to experience and learning factors. Locus of control means one of the personality variables (personality), which is defined as an individual's belief in being able to control one's own destiny Kreitner, R. & Kinicki (2005) On the other hand, individual characteristics that are stable are formed because they are already attached to the individual. Examples are personality and locus of control. Hisrich (2005) stated that several individual characteristics such as self-efficacy, self-esteem, and locus of control have an important role in the successful performance of a business entity such as MSME. Entrialgo *et al.* (2000) suggest that individual personality has a significant effect on the success of MSME business organizations. Engko (2008) Entrepreneur performance refers to the level of achievement in the company in a certain period. A good entrepreneur's performance is characterized by good sales growth, ever-increasing profits, and ever-increasing assets. Performance is the work achieved by a person in carrying out the tasks assigned to him based on skills, experience, sincerity, and time. Green (1996) stated that individual characteristics such as personality, motivation, self-efficacy, locus of control, and risk-taking can determine the success of an entrepreneur in managing his business. Based on these findings, a good personality and strong self-confidence from MSME practitioners will determine performance achievement.

One of the drivers of the economy in Blitar Regency is the development of the industrial sector, especially small and household industries. The existence of large or medium industrial units which reached more than 25 industrial units in 2016 was able to absorb a workforce of approximately 549 people. The development of the business world is also balanced with MSMEs in Blitar Regency which have increased in 2012-2013, but in its growth and development, there are still many obstacles that occur in MSMEs in Blitar district, both internal and external constraints. So that MSMEs can continue to grow, they need to be involved and receive attention from various parties. one of the efforts to increase the development of the UMKM business is to increase the ability of citizens to develop businesses, among others, through increasing knowledge both through educational forums and the experience process to gain business knowledge. In the Gandusari sub-district, to be precise, micro, small, and medium enterprises (MSMEs) have mushroomed everywhere. With the increasing number of established businesses, the competition between businesses is getting stronger and tighter, but there are also many entrepreneurs who can survive with all the ups and downs of sales in the Gandusari sub-district, but observations in the field are that many new MSMEs have sprung up and seem to only follow the trend, this is also convincing. that the motivation to act is not from himself that entrepreneurs will not be able to survive in the face of difficulties if the motivation for their beliefs is not from themselves.

Problems related to locus of control, according to observations and interviews with several entrepreneurs in the sub-district of gandusari, entrepreneurs assume that the decline in their business or not developing their business because of regulations from the government causes everything to increase,

including raw materials, electricity and so on, the factors that affect everything. determining the lack of locus of control in the small and medium-sized enterprises in Gandusari district is that entrepreneurs are not trying to develop their businesses because they are afraid to take risks that will occur in running their business so that their business does not increase. Another problem regarding the initiatives of entrepreneurs in Gandusari district is the lack of keeping up with the times, and not looking for business opportunities on online sites to cover a wider market. Factors are the characteristics and personality of an entrepreneur; this is one of the strategies that can be used to develop a business that affects the smooth running of the business. Because according to McClelland in M. Wiratmo's book if someone has entrepreneurial characteristics in running a business, then the desire or drive from within that person motivates behavior towards achieving business goals.

LITERATURE REVIEW

Purnama *et al.* (2010) argues that the performance of small industrial businesses can be interpreted as the level of success in achieving the expected goals or objectives with a measure of business success that can be seen from various aspects, such as financial performance and company image. Furthermore, Suryana (2014) states that to be a successful entrepreneur, one must have a clear business idea or vision, and have the will and courage to face risks both in time and money. This is in line with Benedicta (2003) who argues that business success is defined as the level of achievement of organizational results or goals, small businesses are successful because entrepreneurs have a smart brain, which is creative, follow technological developments, and can apply proactively.

Self-efficacy is a person's belief in his ability to do something or work for which he is responsible. A person with high self-efficacy will feel that he is capable and optimistic to complete his work and responsibilities. Conversely, people with low self-efficacy will feel that they are unable and pessimistic to complete their work and responsibilities. Entrepreneurs with high self-efficacy have confidence that they can solve business problems, follow their business processes well, and feel able to carry out their responsibilities as entrepreneurs. Some research results show that self-esteem and self-efficacy determine a person's success in doing work in general. Strauss (2005) states that self-esteem has a significant influence on one's performance.

Locus of control is one of the individual personality concepts in organizational behavior. The basic concept of locus of control is taken from the theory of social learning (social learning) developed by Rotter (Patten, 2005). Locus of control is related to a person's level of belief about events, fate, luck, and destiny that happen to him, whether due to internal factors or external factors. Beukman (2005) states that several empirical studies have proven that locus of control is a determining variable of one's performance and organizational performance. Individuals with an internal locus of control will work to obtain rewards by showing efforts to achieve these rewards. These efforts are usually related to learning and seeking information to support the achievement of these rewards which will also have an impact on organizational performance. Bello (2001) states that one of the important variables that become the output of the locus of control is organizational performance. Patten (2005) states that locus of control has a significant effect on the achievement of performance in the organization. The results of his research revealed that individuals with an internal locus of control performed better than individuals with an external locus of control. Pillai (2004) state that self-efficacy has a significant effect on one's performance. Strauss (2005) states that self-esteem has a significant influence on significant to one's performance. Luthans, F. & Peterson (2002) show

that self-efficacy has a significant effect on manager effectiveness. Based on the theoretical studies and the results of previous studies that have been described above, the hypotheses that can be formulated in this study are:

- H1:** Self-efficacy has a significant and positive effect on the performance of MSME entrepreneurs in the food industry sector in Gandusari District, Blitar Regency.
- H2:** locus of control has a significant and positive effect on the performance of small and medium-scale SMEs in the food industry sector in Gandusari District, Blitar Regency.
- H3:** The self-efficacy and locus of control variables have the most influence on the performance of small and medium-scale SMEs in the food industry sector in Gandusari District, Blitar Regency.

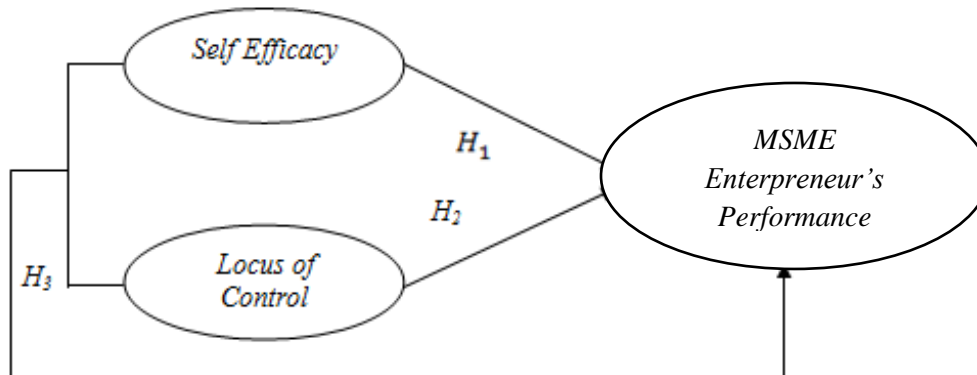


Figure 1. Research Framework

RESEARCH METHODS

This research was conducted in the Gandusari sub-district, Blitar city. This type of research used is explanatory research. The sample of this study was 100 respondents from MSME entrepreneurs who had more than 5 years of sales. This study uses primary data sources and data collection techniques using questionnaires. Measurement of variables using a Likert scale and data analysis technique used SEM-PLS. The data collection process is carried out using a google form questionnaire with a Likert interval scale variable measurement with a score of 1-5. Instrument testing in this study includes validity and reliability tests. The stages in multiple linear regression analysis are performing four classical assumption tests, namely normality test, multicollinearity test, and heteroscedasticity, hypothesis testing with scale range, t test and f test, multiple linear regression equation test, and coefficient of determination test.

RESULTS AND DISCUSSION

The research has been conducted on 100 entrepreneur respondents. The results of the data instrument test on the validity test show that each question item shows a calculated r-value that is greater than r table so that all question items are declared valid. The reliability test also shows that each variable has a Cronbach's Alpha value of more than a significance value of 0.7, meaning that each variable is declared reliable and can be used in further research. Further analysis is carried out with scale range and multiple linear regression with the following steps and discussion.

Table 1. Characteristics of Respondents

Information	Items	Respondents	Percentage
Gender	Male	46	46%
	Female	54	54%
Education	Junior High School	35	35%
	Senior High School	53	53%
	Diploma	12	12%
Tenure	5-10 years	90	90%
	10-15 years	9	9%
	>15years	1	1%

Table 2. Validity Test Results

Variable	Indicator	Loading Factor	Note
Self-efficacy	X1.1	0.700	Valid
	X1.2	0.747	Valid
	X1.3	0.693	Valid
	X1.4	0.700	Valid
	X1.5	0.760	Valid
	X1.6	0.756	Valid
Locus of control	X2.1	0.636	Valid
	X2.2	0.790	Valid
	X2.3	0.779	Valid
	X2.4	0.685	Valid
	X2.5	0.863	Valid
Entrepreneur's Performance	Y.1	0.762	Valid
	Y.2	0.753	Valid
	Y.3	0.669	Valid
	Y.4	0.755	Valid
	Y.5	0.814	Valid
	Y.6	0.720	Valid

Based on table 2 shows that all indicators of the variables of self-efficacy, locus of control and entrepreneur's performance are categorized as valid because the loading factor value is >0.60 .

Table 3. Reliability Test

Variable	Cronbach's Alpha	Description
Self-efficacy	0.842	Reliable
Locus of control	0.792	Reliable
Entrepreneur's performance	0.842	Reliable

Based on table 3 shows that each indicator in the latent variable has differences from other variable indicators which is indicated by a higher cross-loading value in the construct itself so that discriminant validity is declared fulfilled.

Table 4. Results of the t test hypothesis

Hypotheses	T count	T table	Significant	Description
H1	2.711	1.974	0.008	Significant
H2	2.687	1.974	0.008	Significant

The results of the analysis can be seen that the locus of control affects the performance of entrepreneurs.

This means that with the increasing locus of control, the performance of entrepreneurs will increase. The results of this study are supported by the theory put forward by Baron (1990) where the different locus of control can reflect different motivations and produce different performances as well.

The results of the analysis can be seen that self-efficacy affects the performance of entrepreneurs. This means that the higher the self-efficacy, the entrepreneur's performance will increase. The results of the study are also supported by the results of previous research conducted Sutradawanti (2018) which states that self-efficacy and motivation have a strong influence on increasing success. Partially self-efficacy has an influence on entrepreneurial success.

Table 5. Results of F-test

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	123,439	2	61,720	6,928	,002 ^b
	Residual	864,121	97	8,908		
	Total	987,560	99			

Based on the results of the study, it can also be seen that there is a significant influence between self-efficacy and locus of control on the performance of entrepreneurs in SMEs in Gandusari district. So it can be said that performance is influenced by the self-efficacy and locus of control of entrepreneurs. The results of the study are supported by the theory which states that an attitude consisting of an internal locus of control and an external locus of control at work will affect the level of achievement of a person's performance. Based on the results of the analysis, it can be seen that self-efficacy has the most influence on the performance of entrepreneurs. This means that a good self-efficacy result is supported by more than 5 years of entrepreneurial experience, will be more master of work and field conditions, and make the attitude of confidence in his abilities higher. The results of this study support previous research which obtained the results that self-efficacy satisfaction has a dominant influence on performance.

CONCLUSION

Based on the results of the study, it can be concluded that employee performance is categorized as high, self-efficacy is categorized as high, and locus of control is categorized as high. Based on the results of the analysis, it can be seen that self-efficacy has the most influence on the performance of entrepreneurs. Self-efficacy partially has a significant effect on the performance of MSME entrepreneurs in the Gandusari district. Simultaneous locus of control has a significant effect on the performance of MSME entrepreneurs in the Gandusari district.

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