

Examining the Influence of Occupational Self - Efficacy on Employee Performance in Bangalore's MSME Sector

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Abstract: *The era of entrepreneurship has created numerous opportunities for employment, leading to a notable increase in Micro, Small, and Medium Enterprises (MSMEs) in Bangalore. The success of these enterprises heavily relies on the performance of their employees. This is where the concept of self - efficacy becomes crucial, as it significantly impacts an individual's motivational, affective, cognitive, and behavioral processes. This study investigates the impact of occupational self - efficacy on employee performance in Bangalore's MSMEs, where employee performance is crucial for organizational success. Employing a descriptive quantitative approach, data were collected through surveys from 83 MSME employees. The analysis reveals a moderate positive correlation between occupational self - efficacy and job performance, underscoring the importance of self - efficacy as a driver of productivity. Recommendations are offered to support management in fostering employee self - efficacy to boost overall performance and competitiveness within the MSME sector.*

Keywords: Self - efficacy, Occupational Self - efficacy, work performance, MSMEs

1. Introduction

The era of entrepreneurship has created numerous opportunities for employment, leading to a notable increase in Micro, Small, and Medium Enterprises (MSMEs) in Bangalore. The success of these enterprises heavily relies on the performance of their employees. This is where the concept of occupational self - efficacy becomes crucial, as it significantly impacts an individual's motivational, affective, cognitive, and behavioral processes. This study explores the relationship between occupational self - efficacy and work performance among employees in Micro, Small, and Medium Enterprises (MSMEs) in Bangalore.

According to Albert Bandura, self - efficacy is "the belief in one's capabilities to organize and execute the courses of action required to manage prospective situations" (Bandura A, 1995). Self - efficacy plays a major role in shaping one's personality because of its effect on behavior and ideology. Self - efficacy reflects a person's confidence in their skills and capabilities to execute actions necessary for desired outcomes. Higher self - efficacy often leads to greater motivation, persistence, and resilience in the face of challenges; individuals with strong self - efficacy are more likely to tackle difficult tasks and persevere despite setbacks. Several factors contribute to self - efficacy, including mastery experiences, which involve successfully completing tasks, vicarious experiences from observing others succeed, social persuasion through encouragement from others, and emotional and physiological states, where positive moods can enhance self - efficacy while stress or anxiety may diminish it. Overall, self - efficacy plays a crucial role in personal development, learning, and achievement, influencing how individuals approach challenges, their level of motivation, and their performance across various domains, including education, work, and health.

Occupational self - efficacy

Occupational Self - Efficacy refers to an individual's belief in their capabilities to perform tasks related to their job or profession. The focus is primarily on how self - efficacy

affects work - related tasks, job performance, and professional growth.

Individual Work Performance

Work performance is simply the effect of many other factors such as job satisfaction, engagement, and commitment, working relationship, treatment, knowledge, skills, and self - efficacy. Work or job performance has been defined as "the act of doing a job and it is a means to reach the goal within a job or organization" (Campbell et al 1990).

Here we are measuring Individual work performance (IWP) based on task performance. Task performance can be defined as the proficiency (i. e., competency) with which one performs central job tasks. (Koopman et al (2011). Campbell et al (1990)) also defined task performance as "proficiency with which individuals perform the core substantive or technical tasks central to his or her job"

A person's work performance is evaluated based on how well they do their job so as to achieve the goal of organization. The focus of human resources is often on enhancing organizational performance. Organizational performance cannot be achieved without individual work performance. Hence, the emergence of Industrial and Organizational psychology study focused on specialization in the fields of understanding the human behaviors in workplace.

IWP - Task performance is measured based on the planning and organization of work, prioritization, quality, success, efficiency, effectiveness, and work attendance. Employees with high self - efficacy believe that they have high levels of competence, have more resources, and are less likely to lose resources. Thus, they are more likely to set higher work goals and job roles and share their knowledge at work to help the organization grow.

MSMEs (Micro, Small, and Medium Enterprises):

As per Tiwari et al (2023), MSMEs are widely acknowledged as a crucial driver of economic growth in developing countries. The Indian government accords a higher degree of

significance to the MSME sector as opposed to large industries. The acronym MSME stands for Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises (MSMEs) are commercial entities engaged in the production, manufacturing, or warehousing of goods and commodities. The MSMED Act of 2006 was responsible for the initial introduction of MSME.

Some examples are: Small Retail Shops, Food Stall or Cart, Home - Based Businesses, Restaurants or Cafés, Service Providers, Wholesale Distributors, Agriculture, Startups focusing on software development or tech support etc.

Numerous studies highlight the significant role of MSMEs in driving economic growth. In Bangalore, MSMEs are crucial for job creation, employing a substantial portion of the workforce, particularly in urban areas. Despite their contributions, MSMEs face several challenges. Additionally, a lack of skilled workforce and market access are cited as critical impediments to their success. As study by Nanjundeswaraswamy et al (2023), indicate that employees in MSMEs with higher self - efficacy levels demonstrate improved job performance. Effective management practices are essential for fostering self - efficacy among employees in MSMEs.

2. Need and Significance of the Study

One of the challenges MSMEs businesses come across is the retention of the people. The frequency of changing from one firm to another for their personal need is quite common. Since, self - efficacy influences thoughts, feelings and behavior this study is to understand how the employee demonstrates the productivity for short duration of work in a firm and how it affects in achieving the business goal. How does past experiences help in sustaining or increasing one's self - efficacy. Understanding this relationship can help organizations develop targeted strategies to foster employees' belief in their abilities, ultimately improving overall performance. Additionally, low self - efficacy is associated with increased stress and anxiety, making it vital to explore how enhancing self - efficacy can contribute to better mental health and well - being among employees.

Despite the recognized importance of self - efficacy in general workplace settings, there is a scarcity of research focusing specifically on its impact within the MSME sector. Understanding how self - efficacy influences employee performance in this context can provide valuable insights for management practices aimed at improving productivity and fostering a supportive work environment.

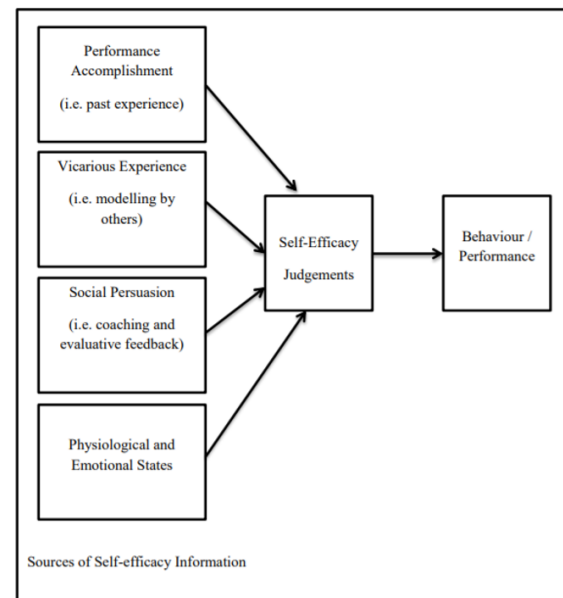
This study aims to explore the relationship between self - efficacy and work performance among employees in MSMEs.

3. Review of Literature

Theoretical Framework

Albert Bandura's Self - efficacy theory:

Albert Bandura in 1996, emphasizes the role of individuals' beliefs in their capabilities to perform specific tasks.



Source: Abdullah, Muhammad. (2013)

Bandura proposed four sources of self - efficacy. Performance accomplishment, Successful experiences boost confidence, while failures can weaken it. Vicarious Experiences, observing others succeed can enhance beliefs in one's own abilities. Social Persuasion, Encouragement from others can increase self - efficacy. Emotional and Physiological States, Positive emotional states can foster a sense of efficacy, while stress and anxiety can diminish it.

Bandura's theory asserts that self - efficacy influences both the choices individuals make and their perseverance in pursuing goals. Hence, higher self - efficacy leads to greater motivation, persistence, and resilience in the face of challenges. This is applied in various occupational fields like education, health, and psychology, by fostering self - efficacy one can enhance work performance and well - being.

Work performance

Herzberg's Two - Factor Theory

Frederick Herzberg identified two sets of factors that influence motivation and job satisfaction: hygiene factors and motivators. In relevance to Work Performance, Hygiene factors e. g., salary, job security can prevent dissatisfaction, while motivators e. g., recognition, responsibility enhance job satisfaction and performance. Employers can improve work performance by addressing both sets of factors.

Goal - Setting Theory

Developed by Edwin Locke, this theory posits that specific and challenging goals lead to higher performance when individuals are committed to achieving them. In relevance to Work Performance, Clear, well - defined goals enhance motivation and focus, providing employees with a roadmap for performance and encouraging them to strive for higher levels of achievement.

Previous Research

Renn & Fedor (2001). Development and field test of a feedback seeking, self - efficacy, and goal setting model of work performance. The study examined the relationship of

feedback seeking and self - efficacy on work performance through feedback - based goals.

Locke & Latham (2002), have shown that specific and challenging goals significantly improve performance outcomes. Organizations that implement goal - setting practices report enhanced productivity and employee commitment.

Judge & Ilies (2004) demonstrated that motivators such as recognition and opportunities for advancement lead to higher job satisfaction and performance, while hygiene factors primarily prevent dissatisfaction. This indicates that organizations should focus on both aspects to optimize employee performance

Tian et al (2019), investigated the influence of self - efficacy on work performance and its mediated link through work engagement for employees in China in 3 banking companies for 241 employees. It showed that the influence of self - efficacy on work performance and its mediated link through work engagement.

Mythili D (2023), studied the impact of self - efficacy from the perspective of human resource in a tech company in Coimbatore. It has considered all three aspects of work performance that is task, contextual and counterproductive behavior. It has found that self - efficacy is positively correlated with both task and contextual performance and no correlation with counterproductive behavior.

Nanjundeswaraswamy et al (2023), studied the mediating role of self - efficacy in the relationship between employee commitment and job satisfaction of employees working in the textile industry. It found positive correlation between them.

Vinod Joseph et al (2024), this review research looks at the dynamics of self - efficacy in career decisions in the small businesses across the world and tries to draw lessons for it for India.

Research gaps

The reviewed literature was on self - efficacy and its impact on work performance and it also included specific to MSMEs of Bangalore. The reviewed literature was about self - efficacy-work performance relationship mainly focused on well - established organization, academic related, medical field related, research done in other countries like China, US, UK other than India. Few considered variables across multi dimensions such as task performance, contextual performance, and counterproductive work behavior. Effects of Employee Well - Being and Self - Efficacy on the Relationship between Coaching Leadership and Knowledge Sharing Intention. Few investigated how to assess self - efficacy and job performance in government positions. The impact of abusive supervisors on employee attitudes toward leaving/quitting, self - efficacy, and job performance.

Study found supportive evidence for these hypotheses by analyzing survey data on 267 sellers from Taobao. com, a major online marketplace in China. The reviewed literature was related to effect of self - efficacy on work performance, coaching leadership, knowledge sharing, on Stress, Career

decisions, innovative work behavior in various other sectors like online marketplace, well established organizations, in developed country, ITES field, nursing, education and other field. One of the studies was related to small business but related to career decisions and not in Bangalore.

4. Research Methodology

Statement of research problem

The personality of each individual is distinguished by his/her abilities and possibilities. An employee with low self - efficacy run the risk of performing tasks below one's actual ability level because of the believes one can only perform to that level, and fail to recognize the aptitude to do the work. On the other hand, self - efficacy that runs too high may give an individual an unrealistic picture of his ability to do a certain task.

Hence this study is focusing on how ones' self - efficacy affects the work performance. The study of problem is addressed by the following question:

- How does occupational self - efficacy affect work performance among employees in MSMEs of Bangalore?

This question is divided into the next questions concerning the employees:

- What is individual level of occupational self - efficacy?
- What is individual level of work performance?
- Relationship between occupational self - efficacy and work performance?
- Comparison of occupational self - efficacy among the MSMEs?
- How does sector influence self - efficacy and work performance?

Objectives

The broad objective of this study aims to study the Impact of occupational self - efficacy on employees' performance in Bangalore's MSMEs.

The specific objectives are;

- 1) To analyze the individual self - efficacy of employees working in Bangalore MSMEs
- 2) To measure the individual work performance of employees in Bangalore MSMEs
- 3) To assess the Impact of occupational self - efficacy on employees' performance in Bangalore's MSMEs
- 4) To understand the correlation between work self - efficacy and work performance
- 5) To understand the influence of sectors on self - efficacy
- 6) To understand the influence of sectors on work performance

Methodology

- 1) Research Design: Descriptive research (Quantitative)
- 2) Hypothesis: There is relationship between self - efficacy and work performance
- 3) Sources of data: Primary data
- 4) Tools used for collecting primary data: Survey using Questionnaire
- 5) Sample Segment: MSMEs in Bangalore
- 6) Sample design: Convenience sampling; Sample Size: 83
- 7) Inclusion criteria:

- Male and female working professionals were included in the study
 - Male and female professionals aged between 20 – 60 are included
 - Working professional in MSMEs of Bangalore are included in the study
- 8) Exclusion criteria:
- Not applicable for working professionals in Corporates
 - Working professional with less than one year of experience
- 9) Scales:
- Self - Efficacy measurement: Occupational Self Efficacy Scale (OSES). Developed by Sanjyot Pethe, Sushama Chaudhari and Upinder Dhar. Year 1999
 - Work performance: Koopmans & Bernard's.2013. Development of An Individual Task Performance Questionnaire
- 10) Statistical Tools Used: weighted mean and correlation
- Mean, to determine the level of employees' self - efficacy, work performance
 - Correlation coefficient "r", to measure the correlation between employees' self - efficacy and work performance
 - ANOVA to compare the occupational self - efficacy and work performance among the three sectors (Micro, Small and Medium enterprises)



Procedure

Data was collected from 83 working professionals of MSMEs living in Bangalore. Data was collected through using questionnaire which consisted the questions from the scales mentioned earlier. Data was collected through virtual means via a survey form and through paper format of the questionnaire. The form had mention of the purpose, consent and confidentiality which provided awareness among the individuals before data was collected. The participation of the individuals was on voluntary basis. After building adequate rapport all required information was collected. Appropriate instructions were given to fill the questionnaires and all the doubts and queries were clarified during this process.

Data was then cleansed to address any missing values and inconsistencies. Converted the responses to points as per the scale and calculated the various measures as instructed in the scale. Results were interpreted and used it for further analysis to draw inferences on the overall study.

5. Results and Discussions

The analysis is done in order to find the relationship between the variables and the degree to which the variables influence each other. Total of 83 working professionals from MSMEs of Bangalore participated in the study. The variables that are part of the study are Occupational self - efficacy and work performance. The statistical tools used were mean to analyze the level of occupational self - efficacy and work performance among employees. Standard Deviation to understand the level of data variability in the sample. Pearson's correlation coefficient (r) to assess the relationship between self - efficacy

and work performance. The statistical Significance was assessed by Conducting a hypothesis test (t - test) to determine if the correlation between self - efficacy and work performance is statistically significant (commonly at $p < 0.05$). Reliability of the results was assessed by calculating the confidence intervals for the correlation coefficient. Analysis of Variance (ANOVA) to compare occupational self - efficacy and work performance across different sectors of MSMEs to see if there are significant differences. Regression analysis was conducted to predict work performance based on self - efficacy scores. This will help understand how much variation in work performance can be explained by self - efficacy.

Table 1: Levels of Occupational self - efficacy and work performance

	Mean	SD	N
Occupational Self - efficacy	73.3253	9.1119	83
Work Performance	14.8554	4.2831	83

From table - 1 Mean of self - efficacy is 73.3253 which implies positive outlook among respondents regarding their work capabilities and as per Occupational self - efficacy scale it is normal range. That means that on an average the employees possess average level of self - efficacy. Mean of work performance is 14.8554 and when compared with scale it indicates that employees are performing close to the high range but may need some support to cross into that category. Standard deviation of occupational self - efficacy is 9.1119 suggests that there is a moderate spread in confidence levels among respondents. Roughly 68% of respondents score between 64.21 and 82.44 this variability highlights the importance of understanding individual differences and potentially tailoring interventions to support those who may struggle with self - efficacy in their work roles. Standard deviation of 4.2831 in work performance scores indicates moderate variability and approximately 68% of respondents score between 10.57 and 19.14, suggesting that while there is a common level of performance, significant differences exist among individuals. This insight is valuable for informing performance management strategies and identifying areas where support may be needed to enhance overall performance.

Table 2: Analysis of relationship between Occupational self - efficacy and work performance.

Parameter	Value
Pearson correlation coefficient (r)	0.5631
Linear Regression (r ²)	0.317
P - value	3.008e - 8
Covariance	21.9744
Sample size (n)	83
Statistic	6.1319

Significance level (α) is set to 0.05.

From Table 2, provides the statistics to analyze the relationship between Occupational self - efficacy and work performance the validity of the data. Results of the Pearson correlation $r = 0.5631$, indicates that there is a moderate positive relationship between occupational self - efficacy and work performance. That is, as an individual's belief in their ability to perform job - related tasks (self - efficacy) increases, their actual work performance also tends to improve.

Since the p - value $< \alpha$, Null hypothesis (H_0) is rejected and it indicates that the collected data supports the existence of a relationship between occupational self - efficacy and work performance. P - value equals $3.008e - 8$, It means that the chance of type I error (rejecting a correct H_0) is small (0.000003%). The smaller the p - value the more alternative hypothesis which means that there is significant relationship between occupational self - efficacy and work performance.

Test statistic T equals 6.1319 is quite large, which indicates that data strongly supports the alternative hypothesis (H_1). Linear Regression (r^2) is 0.317 , means that 31.7% of the variability of Y is explained by X . The remaining 68.3% of the variance is due to other variables not included in the model, measurement error, or inherent randomness in the data. This suggests that there may be additional predictors that could improve the model. There is more room for improvement like, by adding more independent variables.

Table 3: Comparison of occupational self - efficacy levels between MSMEs

	Medium	Small	Micro
Skewness:	- 0.3126	0.498246	- 0.128227
Excess kurtosis:	0.747682	0.528702	- 0.767404
Normality	0.43	0.1972	0.3335
Outliers	60, 61, 92	57, 88, 93, 95	
Mean	75.76923	73.95454	71.11429
S	7.07846	9.54427	9.8631

As per table 3, Employees in the Medium sector exhibit the highest levels of occupational self - efficacy, with more consistent scores compared to the Small and Micro sectors, which show greater variability and some outliers. All groups appear to have data that may be normally distributed.

Table 4: Comparison of occupational self - efficacy variance between MSMEs groups

Source	DF	Sum of Square	Mean Square	F Statistic	P - value
Groups (between groups)	2	335.1041	167.552	2.0707	0.1328
Error (within groups)	80	6473.1123	80.9139		
Total	82	6808.2163	83.027		

As per table 4, Since p - value $> \alpha$, H_0 is accepted. The averages of all groups assumed to be equal. In other words, the difference between the sample averages of all groups is not big enough to be statistically significant. There is not much difference in occupational self - efficacy in employees across the sectors. It is suggested to improve the test power by using larger sample size.

Table 5: Comparison of Work Performance levels between MSMEs

	Medium	Small	Micro
Skewness:	- 1.26349	0.739254	- 0.314504
Excess kurtosis:	1.448245	- 0.161098	- 0.04542
Normality	0.003797	0.02127	0.1558
Outliers	8	23	
Mean	16.80769	13.09091	14.51429
S	3.02019	4.47117	4.48771

As per table 5, Medium sector employees demonstrate the highest work performance, while micro and small sector employees demonstrate lesser work performance in comparison to medium sector employees. It is noticed that there is noticeable variation in work performance among the MSMEs.

Table 6: Comparison of Work Performance variance between MSMEs groups and inside the groups

Source	DF	Sum of Square	Mean Square	F Statistic	P - value
Groups (between groups)	2	171.6655	85.8328	5.1528	0.007853
Error (within groups)	80	1332.5995	16.6575		
Total	82	1504.265	18.3447		

From table 6, p - value $< \alpha$, hence H_0 is rejected. indicating that the differences in work performance between the sectors are statistically significant. Results suggest that there are significant differences in work performance among the Medium, Small, and Micro sectors, as indicated by the F - statistic and the p - value. This analysis supports the conclusion that at least one group mean is different from the others.

Discussion

The purpose of the study is to understand the Impact of occupational self - efficacy on employees' performance in Bangalore's MSMEs. By focusing on the relationship between occupational self - efficacy and work performance, this study aims to provide valuable insights that can enhance employee outcomes and organizational effectiveness in Bangalore's MSME sector.

The findings of the study indicates that, the employees in the MSMEs of Bangalore exhibit normal level of Occupational self - efficacy. This indicates that employees generally believe in their capabilities to perform their job tasks effectively. The work performance levels shows that some employees perform at a higher standard than others. A moderate positive correlation was found indicating that higher self - efficacy is associated with better work performance. This suggests that employees who feel more confident in their abilities tend to perform better in their roles. About 31.7% of the variance in work performance can be explained by occupational self - efficacy. This highlights the importance of self - efficacy as a contributing factor to performance, although it also suggests that other variables play a significant role. The statistical significance of the correlation, indicating strong evidence that self - efficacy positively influences work performance.

Coming to the impact of Sector Type, the analysis across different MSME sectors (Micro, Small, Medium) revealed variations in both self - efficacy and performance levels, suggesting that the sector type may influence these outcomes. The presence of outliers in some groups indicates that specific individuals or conditions may significantly affect overall performance metrics, warranting further investigation into these anomalies.

6. Limitations

- The size of the sample may challenge the generalization of the result.
- In the study population are only chosen from Bangalore MSME. Hence this study can't be generalized fully to general population.

7. Recommendations

- Researchers can use this to study in corporate organizations
- Use mediating variables to get better insights and broaden the research
- For future studies, researchers could increase the sample size, so that the reliability of the results can be increased

8. Implications

- This study will benefit MSMEs to understand that the increase in self - efficacy can increase work performance
- It also helps individuals to assess their capabilities and adjust accordingly

9. Summary

The purpose of the study is to understand the Impact of occupational self - efficacy on employees' performance in Bangalore's MSMEs. Research Question was, "How does occupational self - efficacy affect work performance among employees in MSMEs of Bangalore?". The objectives of the study were to assess levels of occupational self - efficacy and work performance among employees in MSMEs, examine the correlation between occupational self - efficacy and work performance, identify how sector type (Micro, Small, Medium) influences self - efficacy and performance, provide recommendations for improving employee self - efficacy and performance. Hypothesis used was to reject null hypothesis and prove the alternative hypothesis, that occupational self - efficacy is positively associated with improved work performance among employees in MSMEs.

Based on statistical analysis it is found that, occupational self - efficacy plays a critical role in enhancing work performance among employees in MSMEs in Bangalore. Fostering occupational self - efficacy should be prioritized in MSMEs to improve employee performance, an investment that can drive long - term organizational success. These insights not only contribute to the understanding of employee dynamics in MSMEs but also offer practical strategies for management to enhance workforce capabilities.

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