

**THE EFFECTS OF SELF EFFICACY AND SELF LEADERSHIP
ON PERFORMANCE OF SMALL AND MEDIUM SCALE INDUSTRIES
IN SURABAYA, INDONESIA**

Siti Mujanah

Master of Management Program, Economic Faculty
University of 17 Agustus 1945 Surabaya

sitimujanah@untag-sby.ac.id

Abstract

The purpose of this study is to analyze the Effect of Self Efficacy and Self Leadership on the performance of Small Medium Industries Scale (SMI's) in Surabaya, Indonesia. This research is carried out using a descriptive quantitative approach with the type of causal research and hypothesis testing. The data were taken through survey with questionnaire instrument which were distributed to 75 business managers in Surabaya, Indonesia. After data collected, then analyzed by software SPSS. The results show that the business manager in this study has self-efficacy and self-leadership in high category. Nevertheless, the performance of SMI's is in fair category. Furthermore, the result of the hypothesis test show that self-efficacy and self-leadership simultaneously significant influence to business performance, while as partial, Self-Efficacy gives significant effects to business Performance, while Self Leadership gives significantly Effects to Business Performance of SMEs too. This study also proves that self-leadership is the most dominant variable influencing business performance of SMEs in Surabaya, Indonesia.

Keywords : Entrepreneur Self Efficacy, Self-Leadership and SMI's Performance

Introduction

Small Medium Enterprises (SME) economic sector has an important role in boosting the economic development in Indonesia. By creating more SMEs sector can help to reduce the number of unemployment. SMEs also proven to be one of the strongest economic pillars. (Kemenkeu, 2015) These facts also have been stated by Ardhiansyah (2016) that, SMEs have an important role in encouraging economic growth of Indonesia. With develop of SMEs, the number of unemployment due to the unabsorbed labor force is positively reduced. And because it is also proven that it is one of the strongest economic pillar therefore, development on SMEs sector is surely needed in Indonesia in order to increase the community welfare.

In order to develop SMEs we have to also consider about the quality of existing human resource, especially each of the characteristics that it possessed. Taormina and Lao (2007) states that the success of a business is determined by each of individual characteristic. The characteristic which is inherent and can change over time or can be created due to a certain situation/experience, so individual characteristics inherent in a person such as self-efficacy, self-esteem, self-leadership and others can determine success in achieving goals. Self-efficacy is a confidence in the ability of himself to complete his work, this is supported by Hisrich, et al (2008) which states that some individual characteristics have an important role to the success of a business entity such as SMEs.

Bandura (1997) as the originator of self-efficacy theory defines as individual beliefs about his ability to perform tasks or actions necessary to achieve certain results. Meanwhile, Self-efficacy will affect some aspects of one's cognition and their behavior. Gist and Mitchell (1992) suggest that self-efficacy can lead to different behaviors among individuals of equal ability because self-efficacy affects their choice, purpose, problem-solving, and persistence in effort (Judge and Erez, 2001). It is also stated by Pervin and John (1997) that self-efficacy is an ability possessed by individuals to form behavior that is relevant to a particular task or situation. And supported by the statement from Woolfolk (2004) also mentions that self-efficacy is a belief in personal competence in a particular situation.

Self-efficacy is essentially the result of cognitive processes of decision, belief, or appreciation of to what extent individuals estimate their ability to perform certain tasks or actions necessary to achieve the desired outcomes of Bandura (1997) Baron and Byrne (1991) define self-efficacy as an evaluation of a person's ability or competence level to perform a task, achieve goals, and overcome obstacles. Referring to the above

statements we can conclude that self-efficacy is needed of SMEs in order to motivate themselves to achieve the target that has been set.

Hypothesis 1: Self Efficacy has a significant effect on SMI's Performance

In addition to individual beliefs about his ability to achieve goals, Self-leadership is also needed and the most appropriate theory to improve employee performance in the twenty-first century (Sims and Manz, 2001). Self-leadership is a self-influencing process to build self-direction and self-motivation needed to produce good performance (Manz, 1986) It can also be interpreted as a series of processes that individuals use to control their own behavior (Robbins, 2006).

The basic assumption behind self-leadership is that individuals are said to be responsible for being able to build and develop initiatives, when there is no pressure from above and external parties, have the awareness to do so and able to monitor and control their own behavior. Marnis and Marzolina (2013) from the results of their research has proven that Self-leadership has a significant effect on performance, this shows another strong pillar that is needed to improve the ability of SMEs in achieving higher performance.

Stephen R. Covey (1997) mentions there are seven habits of a person who show a good example of strong Self-Leadership mentality: proactive, referring to the ultimate goal, putting first things first, thinking win-win solution, trying to understand first than being understood, synergizing and always reflect on self regularly. This sense indicates that self-leadership is a positive thing that can support the achievement of work performance, because self-leadership in addition to the ability of individually leading their self it is also an individual way to empower themselves (Blanchard, et al., 2006). And according to Marnis and Marzolina (2013) from the results of their research, shows that self-leadership has a significant effect on performance.

Hypothesis 2: Self Leadership has a significant effect on SME Performance

Based on the above phenomenon, this research was conducted aiming to analyze the influence of Self efficacy and self-leadership on the performance of SMEs in Surabaya, Indonesia. Addition to this research is also done in order to test the hypothesis both partially and simultaneously.

Hypothesis 3: Self Efficacy and Self-Leadership simultaneously affect the performance of SMEs

Methods of Research

This research is carried out using a descriptive quantitative approach with the type of causal research and hypothesis testing. Data collecting by survey method with Questioner instrument which distributed to the 75 business managers of Small Scale Industries in Surabaya, Indonesia which has between 50 to 100 employees. After data collected, then analyzed by statistic with software SPSS.

Data analyzed using multiple linear regression to determine the effect of independent variables to dependent variable or the influence of Self Efficacy and Self-Leadership to the SMEs performance. Furthermore, test of hypothesis was conducted by F test for Simultaneously effect and t test for Partially Effect to the SMI's Performance.

Result of Study

This research was conducted to analyze the influence of Self-Efficacy and Self leadership to the performance of SMEs. The result of data analysis of the average description shows that Self efficacy of the SME's managers has average value is 3.53 this means that the Self Efficacy of SME's manager in Surabaya City Indonesia is included as high category, as well as Self Leadership with average number of 3.55 which is considered as high category, but the performance of SMEs seems to be lower than expected but still considered enough get an average number of 3.31. This indicates that the performance of SMEs is needs to be optimized by giving more attention because the role of SMEs is very important in reducing unemployment and improving people's welfare.

Table 1: Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	.875	.304		2.882	.005			
Self Efficacy	.332	.147	.329	2.257	.027	.716	.257	.174
Self Leadership	.462	.148	.456	3.130	.003	.735	.346	.242

a. Dependent Variable: Performance

Table 1 shows the results of multiple regression analysis that has been analyzed by using SPSS version 24. The results of regression analysis are shown in regression equation, the result will be as follows:

$$Y = a + b_1 X_1 + b_2 X_2$$

$$Y = 0.875 + 0.332 + 0.462$$

Where : Y = Performance
 b = Coefficient Regression
 X₁ = Self Efficacy
 X₂ = Self Leadership

Based on the equation above, it can be seen that the value of a (constant number) is 0.875, its means that the value of SME performance is 0.875 without accompanied by Self Efficacy and self-leadership, but if the performance wants to increase one stage through Self-Efficacy then the performance of manager will be increase 0.332. and if Self Leadership want to increase for each stage so Self-Leadership will increase SME performance as 0.462.

The value of partial correlation as in table 1, it is shows that the relationship between Self-efficacy with SME Performance is by the number of 0.716, which means that self-efficacy has a close relationship with the performance of SMEs, self-leadership also has an almost equal value of 0.735, which means that both has a close relationship with the performance of SMEs. This also presented in the results of multiple correlation analysis as can be seen in table 2, show that multiple correlation gets the value of 0.756. which means that Self-Efficacy and Self-Leadership has 75.6% contribution to SME Performance while the rest of 0.24.4% is influenced by other variables outside Self-Efficacy and Self-Leadership.

Table 2: Multiple Correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756 ^a	.571	.559	.54416

The results of partial hypothesis testing can be seen in table 1 that the result of t test to test the hypothesis-1 that of self-efficacy significantly influenc to the performance of SMEs, because the number of t-test is 2.257 and probability significant value of 0.027 which is smaller than the predefined alpha value of 0.05, it shows that self-efficacy have a significant effect on SME's performance So that it can be concluded that the hypthosis 1 is accepted. Thus, the results of this study are a support to the theory of Judge and Erez, (2001), Gist and Mitchell (1992), Bandura (1997), and Baron and Byrne (1991).

Result of t test for Self-Leadership variable of t-test has 3,130 with probability significant value of 0.003 less than 0.05, shows that self-leadership have significant effect to SME performance. Thus, the results of

this study support the results of all of this previous study by Manz.dan Sims (2001), Manz, (1986), Robbins (2006), Marnis and Marzolina (2013), Stephen R. Covey (1997), and Blanchard, et al., (2006).

Tabel 3 : ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	28.360	2	14.180	47.887	.000 ^a
Residual	21.320	72	.296		
Total	49.680	74			

a. Predictors: (Constant), Leadership, Efficacy

b. Dependent Variable: Performance

The results of hypothesis testing simultaneously can see from the F-test, it can be seen in table 3 that the number of F-test has value of 47,887 and the value of significant probability of 0.000, which shows that variables Self-Efficacy and Self-leadership simultaneously have a significant effect on the performance of SMEs, so that the third hypothesis-3 is accepted. Between of two variables proven that Self-Leadership variable have a dominant influence to SME performance.

Conclusion and Recommendation

According to the results of the analysis and discussion about the Effect of self-efficacy and self-leadership on the performance of SMEs in Surabaya, Indonesia, it can be concluded as follows: Self efficacy of the SME's managers has high category, as well as Self Leadership, but the performance of SMEs seems to be lower than expected which on enough category. This study also shows empirical results that can give evidence that self-efficacy and self leadership has a significant effect as partially and simultaneously on the performance of SMEs, and proves that self-leadership have a dominant effect on SME's performance

Based on conclusion above, here are some recommended for SMEs in improving performance of their business can be done with attention to self efficacy and self-leadership, because these two variables have a significant effect on the performance of SMEs, and self-leadership is a dominant impact to success of SMEs, its means that self leadership get more attention on running process of their business such as proactive, referring to the ultimate goal, putting first things first, trying to understand first than being understood, synergizing and always reflect on self regularly. Entrepreneurs who have confidence with such abilities it will tend to be able to achieve success within their business.

Suggestions for future research related to development of science in the field of Human Resource Management and organizational behavior are related theory of development model used in this research can be developed by the next researcher into a problem-solving model with other self-development such as self-esteem, discipline, self management and others.

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