World Encyclopedia of Entrepreneurship

Edited by

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44 Self-efficacy

Jeffrey M. Pollack

Entrepreneurial self-efficacy (ESE) can be defined as how confident a person feels about their ability to accomplish the tasks that make a person a successful entrepreneur (for a review see Chen et al. 1998; Wilson et al. 2007). Entrepreneurs take on many different tasks such as starting a new business, finding investors, hiring employees, engaging customers, performing market analyses, and dealing with governmental regulations and rules (Locke and Baum, 2007). The ability of an entrepreneur to accomplish these tasks effectively relates directly to the performance of a business over time (for example, Gist, 1987; Stajkovic and Luthans, 1998).

Research, in general, supports the perspective that entrepreneurial self-efficacy plays a role in the ability of an entrepreneur to succeed. Data show a link between ESE and the emergence of an entrepreneur, as well as entrepreneurial success (for example, Bird, 1988; Boyd and Voikis, 1994; Chen et al., 1998; De Noble et al. 1999; Jung 2001; Zhao et al. 2005). Evidence also shows that high entrepreneurial self-efficacy may be very important in the early stages of business creation (Baron and Markman, 2005; Chen et al., 1998; Tierney and Farmer, 2002).

Common measures of entrepreneurial self-efficacy seek to assess competencies across five areas: innovation, risk-taking, marketing, management and financial control (Chen et al., 1998; Locke and Baum, 2007). It is important to note that entrepreneurial self-efficacy is a separate and distinct concept from self-esteem. Self-esteem describes a more general sense of confidence. Self-efficacy is much more task-dependent (Bandura, 1997). Entrepreneurial self-efficacy, then, relates to a person’s specific confidence about being able to meet the demands of the role that an entrepreneur undertakes (Bandura, 1982; Chen et al., 1998; Wilson et al., 2007).

Entrepreneurial self-efficacy has been studied in both leaders of companies as well as employees within companies (Bandura and Locke, 2003; Baum et al., 2001), and in laboratory experiments (for example, Audia et al., 2000). Findings show that individuals high in entrepreneurial self-efficacy are more likely to persevere at tasks that are difficult (Locke and Baum, 2007) and this fact has important implications for the study and practice of entrepreneurship. Specifically, this social-cognitive approach to the study of entrepreneurship has been overlooked and ‘has important applications to the field of entrepreneurship’ (Locke and Baum, 2007: 94). These inquiries into the individual-level cognitive processing of entrepreneurs could prove a fruitful line of research (Baron, 1998).

REFERENCES


