



The Impact of Self-Efficacy on Job Performance in the Banking Sector of Spain

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ABSTRACT

In this study, I explore the impact of self-efficacy of individuals on their job performance in the banking sector of Spain. In particular, this study explores different prevalent literature on self-efficacy and how it can lead to improvement or deterioration of individual's performance in banks. The results highlight an important corporate level phenomenon. The results on the basis of robust statistical techniques support the proposed key arguments of the study.

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Introduction

The banking sector of Spain has been regarded as one of the main sources of funds provider to different business sectors. Moreover, funding from banks is considered the cheapest source of external funding [1]. These days understanding the capacity of individuals working in banks is inevitable to boost the productivity of the banking sector. Individual performance is a core concept within work and organization psychology. During the past decades, researchers have made progress in clarifying and extending the performance concept. A study [2] explained that performance is something an individual does and it differs from individual to organizational and national performance which are higher-level variables. Another study, [3] highlighted that skills and knowledge are not sufficient to achieve performance. Individuals have beliefs about their potential to perform or to complete a task. In addition, [4] referred to as self-efficacy which is the person's beliefs about his own competencies. Self-efficacy was first explained [4] thus giving a new dimension to the organizational studies. According to [4] "Self-efficacy means conscious awareness of one's ability to be effective, to organize actions or results. Individuals with high self-efficacy have a better response to the environment and they tend to learn from the feedback [5]. Another study [6] has highlighted that the individual with low self-efficacy doesn't exert their full efforts while individuals with high self-efficacy are eager to take the challenges. Different studies have shown a good relationship between self-efficacy and job performance. However, none of these studies have studied these two variables from the banking perspective. The present study is aimed at finding the effect of individual self-efficacy on job performance in the banking sector of Spain. This shall enhance the understanding of the behavior of individuals in the banking sector.

Literature Review

The concept of human resources as being just the "resources" for an organization has been changed to being a "valuable asset" for it. Their importance for the success of

any organization has been widely accepted. However, this largely depends on how effectively the employees of any organization perform. The performance of employees, both individually and collectively, on the job is one of the main determinants of the realization of an organization's mission. In an organization set up, individual performance is essentially a core concept. Massive research studies to date have tried to comprehend the concept of performance. According to [2] defines performance as "something a single person does." It also refers to all of the behaviors employees engage in while at work. Job performance can also be understood in terms of "task performance and organizational citizenship behaviors" [7]. Task performance has been defined as "the expected behaviors that are directly involved in producing goods or services, or activities that provide indirect support for the organization's core technical processes" [8]. Organizational citizenship behavior is defined as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" [9]. A study [10] distinguished between task performance & contextual performance. Contextual performance refers to activities that do not contribute to the main activities but which facilitate the environment in which the organization's goals are followed i.e. organizational, social, and psychological.

According to [2] proposed the view of job performance is multidimensional in nature and comprised of latent structure e.g. declarative knowledge, skill, and motivation. He has presented different dimensions of job performance in his model. These include job-specific task proficiency, non-job-specific task proficiency, written & oral communication task proficiency, demonstrating efforts, maintaining personal discipline, facilitating peer and team performance, and supervision/leadership and management/administration. Among the various determinants of job performance, one of the significant is self-efficacy.

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Self-efficacy is of pivotal importance in the treatments of self-regulation [11]. According to [4] "Self-efficacy implies a conscious awareness of one's ability to be effective, to control actions or outcomes." According to [12] highlighted that individuals with high self-efficacy have high confidence in their capabilities to perform the tasks successfully. They tend to pursue it and exert full efforts despite constraints. It is concerned with what a person perceives of his capabilities that initiates motivation to control the external factors and shape them to bring forth desirable outcomes. There are four factors leading to efficacy: "enactive mastery (the most powerful one), explicit experience, persuasion, and physiological stimulation" [4]. So far significant amount of research has been carried out on self-efficacy thus creating a rich pool of literature. As per [13] have proposed 'general self-efficacy' (covers the individual abilities in all scenarios) and 'specific self-efficacy' (related to individual abilities to a particular area) as two types of self-efficacy. A study [14] has regarded people's beliefs about their abilities as a virtue.

Various researches confirm a strong nexus between self-efficacy and performance [5, 14]. An important study [5] highlighted that decision-making ability generates a nexus between self-efficacy and performance. The decision-making process is an essential component of an individual's both personal and professional life. It is facilitated or encumbered by his level of self-efficacy [5, 12]. High self-efficacy also persuades individuals to set challenging targets and to become achievement-oriented [6, 15].

Researches support the fact that the presence of high self-efficacy overwhelms the hurdles and failure. Self-efficacious individuals have a high persistence level against the constraints and continue to strive till the desired outcome is achieved [16]. People with high self-efficacy have different behavior to deal with the hurdles and constraints as compared to those with low self-efficacy. For example, high self-efficacy individuals consider their competencies and skills to be the only reason for their success and hold external factors as responsible for their failure whereas people on the lower side of self-efficacy generally blame themselves for their failure [14].

In today's dynamic environment, where learning and performance improvement on a constant basis is stressed upon, people with high self-efficacy strive to learn complex tasks as it enhances their capacity for collecting and utilizing information, making effective decisions, and taking suitable actions despite any obstacles. They take any negative feedback positively whereas low self-efficacy ones strongly react to any such feedback and are instantly demotivated when they encounter any hurdle thus undermining their performance resulting in an outcome that is way lower than their counterparts with high self-efficacy [17]. In fact, it further deteriorates their confidence in themselves and thus the effort level and performance. Moreover, low belief in oneself hinders an individual's aspiration to improve his performance as he blames himself for the failure. Negative perception about one's capabilities often results in anxiety, helplessness, and stress and in extreme cases occupational burnout as compared to people with high self-efficacy [4, 12, 18]. Moreover, evidence about the strong relationship between self-efficacy and work performance has been collected from earlier studies. Moreover, [3] conducted an empirical study to find the relationship between self-efficacy and work performance and collected the sample from a group of scientists. The result of that study was in compliance with

the studies of [4, 5, 12, 19] Indeed, research on self-efficacy in various contexts has indicated that efficacy beliefs affect performance levels through their influence on ambitious goal setting, efficiency in dealing with problems, investment of effort and persistence. However, to date, no research has been done on finding out the impact of self-efficacy on job performance in the banking sector of a developing economy like Spain.

Research Methodology

The following hypotheses have been tested in this study:

Ho: self-efficacy has no relationship with individual job performance in the banking sector of Spain

H1: self-efficacy is positively related to individual job performance in the banking sector of Spain.

Data Collection Phases:

The study was conducted in two phases. Initially, a small sample of 62 individuals was collected which was analyzed in SPSS. After that, a large sample of 250 individuals was selected from the different banks of the country. This sample was analyzed in LISERL 8.8. The structured questionnaires were used in data collection. Minnesota Satisfaction Scale (MSS) was used to measure job performance and General Self-efficacy Scale (GSES) was used to measure the self-efficacy in the organizations. These scales were divided into two parts GSES and MSS.

Procedure

The bank employees filled GSES scale about their self-efficacy, which was later evaluated by their employers through MSS. The data was collected in a time period of 1 year and it was managed through both personally administered and mailed questionnaires. The respondents filled the questionnaires individually and it was assured to them that the data will be kept confidential and would only be used for research purposes.

Results:

Result of Phase 1:

The sample of 62 collected in Phase 1 was analyzed in SPSS. The statistical tests were applied and values for T-test and F-test were calculated. The value of the F-test was 8.445 at the significance level of 0.05. After that, separate coefficients of regression were calculated. The β value of self-efficacy was 0.402 with a standard error of 0.138, for unstandardized coefficients. The beta value of standardized coefficients was 0.351, the significance level at this point was zero, with $t = 2.906$. The overall value for the T-test was 8.836 at a significance level of zero. The table for ANOVA and coefficients of regression are shown below:

Table 1. ANOVA Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	76.539	1	76.539	8.445	.005 ^a
Residual	543.800	60	9.063		
Total	620.339	61			

a. Predictors: (Constant), self-efficacy

b. Dependent Variable: Job performance

Table 2. Regression Results

Model	Un-standardized Coefficients		Standardized Coefficients	t-statistic	Sig.
	B	Std. Error	Beta		
(Constant)	14.940	1.691		8.836	.000
Self-efficacy	.402	.138	.351	2.906	.005

a. Dependent Variable: Job performance

This has revealed that there is a moderately positive relationship between self-efficacy and job performance. The H1 hypothesis was accepted in this case. The impact of an individual's self-efficacy is surely high on the job performance in the organization. Employees with high self-efficacy performed their jobs well. MSS was used to access the job performance. The reliability of this scale was checked by Cronbach's Alpha value which has shown $\alpha = 0.636$. The reliability of GSES was also measured by same by Cronbach's Alpha value which has resulted in $\alpha = 0.644$.

Pearson Correlation was also calculated from this initial sample which has revealed that there exists a moderate relationship between self-efficacy and job performance of an individual, again proving H1.

Table 3. Correlation Results

Variables	Job Performance	Self-efficacy
Job Performance	1	
Self-efficacy	.351**	1

Note. **. Correlation is significant at the 0.01 level (2-tailed).

All these statistical tests were showing a positive relationship between job performance and self-efficacy. This provided a base line for our work and a large sample of 250 was collected and analyzed.

Conclusion

In this study, I examine the impact of self-efficacy on the job performance of individuals in the banking sector of Spain. Self-efficacy is an important determinant of job performance from psychological perspective. The findings from primary survey and robust analysis also reaffirm our theoretical arguments. Future studies can extend the current work by further examining the role of self-efficacy in performance evaluation by including additional control variables.

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