



Interrelation of Self-Efficacy and Cognitive Flexibility in Entrepreneurs

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Abstract

The paper substantiates the role of self-efficacy and cognitive flexibility as the primary psychological factors determining the success of entrepreneurial activity under conditions of increased uncertainty in the economic environment. The aim of the study is to analyze the influence of these constructs on the financial indicators of small and medium-sized business entities, as well as to assess the effectiveness of integrative psychological techniques aimed at their targeted development. The methodological basis includes a review of scientific publications in recent years devoted to self-efficacy, cognitive flexibility and entrepreneurship, as well as a comprehensive analysis of a practical case of the author's program Raketa. The distinguishing feature of this program is its integration of psychotherapy and coaching methods, which enables a comprehensive impact on the motivational-volitional and cognitive processes of participants. During the study, quantitative and qualitative performance indicators of the program were analyzed: comparison of initial and subsequent financial results of entrepreneurs demonstrated a statistically significant positive correlation with increases in levels of self-efficacy and cognitive flexibility. The scientific novelty lies in the proposal of an integrative model of psychological support that enables decomposition of financial strategies and deep personal conflicts, thereby accelerating the achievement of business goals. It is concluded that comprehensive psychological interventions possess high practical significance for enhancing the resilience and efficiency of small and medium-sized enterprises. The presented results may serve as a valuable resource for other researchers, practitioners in the field of entrepreneurial psychology, business trainers, coaches and entrepreneurs seeking systematic improvement of their professional competencies.

Keywords: *Self-Efficacy, Cognitive Flexibility, Entrepreneurship, Financial Psychology, Coaching, Psychotherapy, Decision Making, Financial Success, Psychological Barriers, Integrative Approach.*

INTRODUCTION

Entrepreneurial activity in the modern era is characterized by unprecedented complexity and turbulence, resulting from the interplay of global economic transformations, rapid adoption of digital technologies and the intensification of geopolitical schisms. In such an environment, established business ideas and administrative practices quickly lose relevance, shifting the emphasis from the founder's professional competencies to their internal psychological resources and individual personality traits. According to the results of the Global Entrepreneurship Monitor (GEM), fear of failure remains one of the most significant obstacles to new venture creation: in 2024 47 % of individuals who had identified entrepreneurial potential refrained from initiating operations for this reason [1].

In the focus of contemporary psychology of entrepreneurship are two most significant constructs — self-efficacy and cognitive flexibility. The first is understood as the individual's conviction in their own capacity to successfully handle tasks and bring them to completion. This construct serves as a key determinant of behavioural strategy choice,

level of persistence and ultimate success in entrepreneurial endeavours. The second construct — cognitive flexibility — denotes the ability of an individual to swiftly shift between different viewpoints, adjust mental models when faced with novelty and generate unconventional solutions under conditions of uncertainty. The synergy of these two qualities enables an entrepreneur not only to formulate ambitious goals but also to mobilize resources for agile manoeuvring within a dynamic business environment.

Alongside recognition of the importance of self-efficacy and cognitive flexibility, a methodological vacuum becomes apparent in the development of integrative programmes capable of simultaneously cultivating both constructs in an interconnected manner. Thus, classical coaching focuses predominantly on goal-setting and behavioural techniques, often overlooking deep-seated psychological barriers, whereas psychotherapeutic approaches immerse themselves in resolving internal conflicts but are not always oriented towards achieving operational business outcomes. This gap diminishes the overall effectiveness of support instruments for entrepreneurs and highlights the need

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for interdisciplinary solutions within the framework of entrepreneurial competence development.

The aim of this study is to analyse the impact of the aforementioned constructs on the financial performance of small and medium-sized enterprises, as well as to evaluate the effectiveness of integrative psychological methods designed for their targeted development.

The scientific novelty consists in the proposal of an integrative model of psychological support that enables the decomposition of financial strategies and underlying personal conflicts, thereby facilitating accelerated achievement of business objectives.

The hypothesis advanced is that synchronous and comprehensive development of entrepreneurs' self-efficacy and cognitive flexibility through a specially designed psychologically oriented programme ensures rapid and stable growth of their financial indicators in comparison with traditional business training methods.

MATERIALS AND METHODS

In the scientific literature on the relationship between self-efficacy and cognitive flexibility in entrepreneurs, four conceptual clusters of research can be distinguished: theoretical models of self-efficacy and entrepreneurial competencies; empirical studies investigating the cognitive mechanisms of creativity, alertness and flexibility; investigations of psychological resilience, entrepreneurial worldview and risk propensity; cognitive-behavioral and psychodynamic approaches to modifying cognitive processes in non-marginalized groups.

In the first cluster, authors focus on the formation and measurement of entrepreneurial self-efficacy as a foundational construct. Thus, in the Global Entrepreneurship Monitor report, cross-cultural differences in entrepreneurial abilities and attitudes are analyzed, particularly in the perception of one's own capacity to start and run a business [1]. Seikkula-Leino J., Salomaa M. [2] propose an integrative model of entrepreneurial competencies, where self-assessment and self-efficacy serve as central determinants of successful mastery of professional skills, and they verify it through surveys and structural modeling. Christensen B. T. et al. [10] concentrate on the role of adaptive thinking and formal design education: they demonstrate that a combination of design practices and cognitive strategies yields a higher level of entrepreneurial self-efficacy and entrepreneurial intention.

The second cluster brings together research linking cognitive flexibility to creativity and entrepreneurial alertness through the lens of self-efficacy. Choi S. B., Ullah S. M. E., Kang S. W. [3] show that a proactive personality contributes to creative performance, however this effect is fully mediated by creative self-efficacy and further moderated by psychological safety within the team. Sasseti S., Cavaliere V., Lombardi S. [5] investigate the dynamics of the decision-

making process in entrepreneurs, where environmental scanning (alertness scanning) and cognitive style influence the speed and quality of decisions through the mediation of entrepreneurial alertness. Yu X., Zhao X., Hou Y. [7] propose a chain-mediation model in which cognitive flexibility stimulates entrepreneurial alertness, which in turn affects entrepreneurial self-efficacy, and that, in turn, enhances the entrepreneur's creativity.

The third cluster includes works examining psychological resilience (resilience) and the entrepreneurial mindset. Hartmann S. et al. [4] systematize constructs of resilience and its connection with entrepreneurial self-efficacy, emphasizing various methodological approaches – from qualitative interviews to meta-analytic syntheses – and formulate directions for future research related to contexts of risk and uncertainty. Oladele O. K. [6] explores the specifics of mindset and risk-oriented behavior in technologically intensive startups, where entrepreneurial self-efficacy acts as a mediator between innovation orientations and actual risk-taking choices.

The fourth cluster is represented by cognitive-behavioral and psychodynamic interventions in clinical and organizational contexts, providing insights into the mechanisms of changing cognitive flexibility and self-efficacy. Byeon H. [8] analyzes the role of cognitive-behavioral career coaching in reducing work-related anxiety and depression, demonstrating that techniques for restructuring automatic thoughts improve cognitive flexibility and confidence in professional abilities. Caselli I. et al. [9], in a meta-analysis of the efficacy of short-term psychodynamic psychotherapy in depressive disorders, show a significant effect on increasing overall levels of functioning and cognitive regulation, which indirectly indicates its potential for developing self-efficacy.

Thus, despite the variety of methodological approaches – from large-scale survey instruments and structural modeling to qualitative case studies and psychotherapeutic interventions – the literature reveals a number of contradictions. First, there is no unified paradigm defining the direction of causal relationships between cognitive flexibility, entrepreneurial alertness and self-efficacy. Second, the level of analysis varies. Third, the terms self-assessment, self-efficacy and resilience are used with overlapping definitions, which complicates the integration of results.

The following issues are insufficiently addressed: first, there is a lack of data on the long-term effects of cognitive training and coaching specifically among entrepreneurs; second, cross-cultural studies considering differences in entrepreneurial attitudes across different economic systems are absent; third, there are virtually no works combining psychodynamic approaches with entrepreneurial education; finally, insufficient attention has been paid to the impact of digital technologies (e.g., AI tools) on the development of cognitive flexibility and self-efficacy in contemporary entrepreneurs.

RESULTS AND DISCUSSION

In this section the outcomes of a comprehensive analysis integrating theoretical propositions from review literature and empirically substantiated results obtained through the implementation of the Raketa program are presented. Such a synthesis of theory and practice is not limited to the confirmation of statistically significant relationships among self-efficacy, cognitive flexibility and participants' level of financial well-being. It also elucidates the specific mechanisms of influence through which program interventions contribute to the enhancement of these psychological and behavioral characteristics.

On the basis of a critical analysis of sources [7, 9, 10] a conceptual framework was developed demonstrating the cyclical nature of the interaction among the constructs under investigation (see Figure 1). This model reflects not only the direct and reciprocal links between self-efficacy, cognitive flexibility and financial success but also identifies key nodal points for targeted intervention within practical programs.

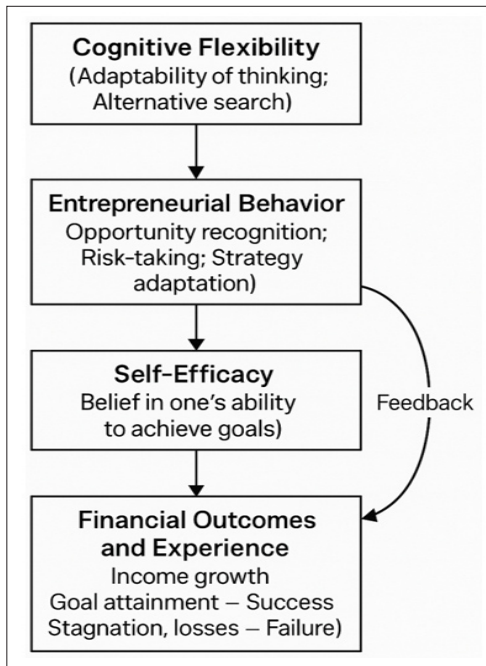


Fig. 1. Cyclic model of the relationship between cognitive flexibility, self-efficacy and entrepreneurial performance (compiled by the author based on [7, 9, 10]).

In contemporary entrepreneurship theory cognitive flexibility serves not merely as one of the desirable qualities but as the fundamental basis for effective decision making under conditions of uncertainty. A highly developed cognitive apparatus enables the entrepreneur to construct multilevel interrelated hypotheses concerning the product and the market, to conduct rapid iterations through A/B testing and to instantly adjust strategy when confronted with unforeseen circumstances. As a result a dynamic entrepreneurial behavior emerges in which each successfully overcome nontrivial challenge becomes micro-mastery — an experience of control and competence that reinforces the internal sense of self-efficacy. The theory of Albert Bandura emphasizes

that such internal support acts as a powerful catalyst for setting progressively more ambitious goals and enhances resilience to setbacks, which is objectively reflected in financial indicators: revenue growth and business expansion function as positive feedback, further strengthening belief in one's own resources and stimulating continued development of cognitive flexibility, thereby creating an upward spiral of professional growth.

In practice the implementation of program Rocket often encounters deep psychological resistances that impede the actualization of the entrepreneur's potential. The author's position is that many financial difficulties — whether fear of managing large sums, manifestations of impostor syndrome or a tendency to procrastinate when making strategic decisions — represent external signs of internal conflicts the roots of which lie in basic safety beliefs, familial loyalty scenarios and self-identificational structures.

Classical coaching tools, which operate predominantly at the level of behavior and cognitive patterns, prove powerless in the face of irrational core blocks. Depth psychotherapy could remove these barriers; however, its duration and resource intensity do not meet the entrepreneur's need for prompt results [2, 4]. Program Rocket proposes the principle of detaching financial issues from primary internal conflicts (see figure 2), which makes it possible in relatively compressed time frames to neutralize the influence of irrational beliefs and to restore freedom of strategy and creative thinking.

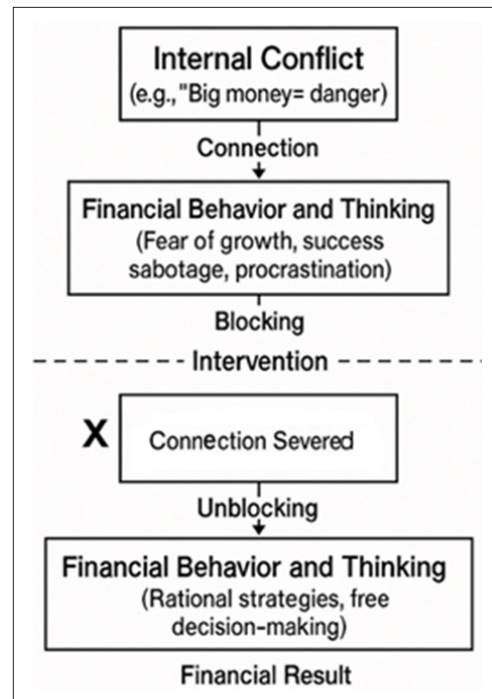


Fig. 2. Model of "detachment" of the financial sphere from internal conflict (compiled by the author based on [2, 4, 8]).

The aim of the proposed intervention is not to completely eliminate the deep internal conflict but to establish a psychological firewall that prevents the intrusion of unconscious experiences into the domain of strategic and tactical business decision making. To achieve this objective, an

integration of several methodological approaches is employed:

1. Diagnostic methodologies. Using projective tests and detailed analysis of speech patterns, hidden irrational attitudes are identified that contradict a rational perception of financial processes and success in entrepreneurial activity.
2. Cognitive-behavioral techniques. The focus is on the critical reevaluation and deconstruction of automated negative thoughts related to money, risk and one's own capabilities. The process includes the deliberate formation of alternative, more realistic beliefs.
3. Elements of the psychodynamic approach. The connection between current anxious reactions to financial decisions and prior personal experience is explored, in particular parental behavior models and verbal attitudes internalized in childhood.
4. Coaching tools. These are aimed at cultivating the skill of conscious goal setting, detailed planning and enhancing

the resilience of decision making under conditions of market uncertainty [3, 5].

Pilot empirical studies of the Raketa program, implemented in more than fourteen cohorts with participation of entrepreneurs from various sectors, demonstrated high effectiveness. According to the data obtained, already at the stage of training approximately 30 % of participants report a noticeable growth in business indicators, which is explained by the removal of the most superficial barriers and the mastery of basic management tools. However, the most pronounced transformational effects are recorded in the medium term: approximately 60 % of participants achieve tangible results within six months after completion of the program, and by the end of the year successful changes are registered in 70 % of attendees. Such delayed dynamics confirm the hypothesis of the initiation of deep psychological processes requiring time for integration into behavioral models and subsequent conversion into specific financial indicators.

Key case studies confirm this tendency (see Table 1).

Table 1. Examples of income growth of participants of the Raketa program (compiled by the author based on [1, 3, 5, 6, 10])

Domain of activity	Initial point (monthly income/status)	Result after program	Time to achieve	Growth multiple
Design (New York)	Unstable, \$0 – \$10,000	Stable, \$20,000 per month	2 months	x5 (average)
Tourism (Russia)	Moderate profit, stagnation	Income increase by 3 times	1.5 years	x3
Online school (startup)	Start from zero	Income growth x9 from initial level	7 months	x9

The obtained data correspond with the results of specialized academic studies devoted to the role of psychological factors in achieving entrepreneurial success. Thus, the rapid increase in income of an entrepreneur from New York over two months demonstrates how the elimination of a key internal barrier — for example, the fear of justifying an adequate price for one's services — can lead to an almost instantaneous explosive effect. At the same time, the gradual rise in the performance indicators of a travel agency over one and a half years is likely determined by the evolution of strategic thinking and enhanced cognitive flexibility, which provided the company with effective adaptation to changing market conditions.

The analysis of the obtained data allows us to draw a number of fundamental conclusions. First, the leading role of the constructs of self-efficacy and cognitive flexibility in the formation of sustainable entrepreneurial outcomes is once again confirmed. Second, the results of the Rocket program serve as a vivid practical example of how targeted work on these parameters can be successfully monetized [2, 3].

The proposed integrative approach has substantial advantages compared to narrowly specialized methods, since it encompasses three interrelated levels:

- Deep (psychotherapeutic): identification and neutralization of irrational beliefs;
- Cognitive: development of thinking flexibility, analytical skills, and decision-making;

- Behavioral (coaching): implementation of specific business tools and strategies.

The combination of these levels creates a synergistic effect: the entrepreneur not only acquires new tools but also overcomes internal barriers that hinder their practical application. This explains the high conversion rate of program participants into real financial results. At the same time, it should be noted that the presented materials require further validation within the framework of independent scientific research.

CONCLUSION

The conducted research enabled a comprehensive investigation of the interrelation between self-efficacy and cognitive flexibility as key factors determining the financial outcomes of entrepreneurial activity. Based on an analysis of current empirical and theoretical works it was shown that confidence in one's own abilities and adaptability of thinking under conditions of uncertainty not only complement each other but also form a closed cycle. Enhancement of cognitive flexibility stimulates more effective problem solving, which, in turn, strengthens belief in personal competence and motivates the setting and implementation of more ambitious goals.

The contribution of this work consists in the development and validation of an integrative psycho-practical approach to the development of the indicated constructs. Using the "Raketa"

program as an example, a model is demonstrated that unites coaching methods and psychotherapeutic techniques aimed at a distancing “decoupling” of financial decisions from underlying irrational conflicts. The proposed methodology allows bypassing the limitations of classical coaching and therapeutic practices by focusing on the rapid achievement of measurable results without prolonged elaboration of the “personal baggage.”

Data obtained during the implementation of the program indicate a significant and stable increase in participants’ financial indicators, which confirms the hypothesis of the high effectiveness of the integrative model. Prospects for further research are associated with conducting longitudinal analyses of the influence of similar programs on the sustainability of business structures and comparative evaluation of various integrative approaches to psychological support of entrepreneurs.

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