


RESEARCH ARTICLE

Influence of the entrepreneur's capacity in business performance

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Abstract

The article presents a theoretical model of the entrepreneur's capacities and their influence on business performance. Starting from the traditional theory of dynamic capacities, those related to entrepreneurship and/or that influence the entrepreneur's capacities are identified, determining factors such as training, experience and confidence. In addition, other factors such as the environmental and institutional environment have been taken into account as they affect the entrepreneurship. For this purpose, a study was carried out with the Smart PLS software in a sample of companies in the tourism sector in the Mar Menor Region (Spain). An essential factor in the development of entrepreneurship in the region is the sustainability of the coastal lagoon. Some considerations are obtained from the study of the factors that determine the model of capacities, in which the confidence of the entrepreneur and the environmental sustainability, exert a positive and significant influence in the business performance. Furthermore, among the mentioned capacities of the entrepreneurial influence, experience and trust are the ones that most influence the success of the tourism business.

KEYWORDS

entrepreneur's capacity, institutional environment, Mar Menor Region, performance, structural equation modelling, sustainability

1 | INTRODUCTION

Entrepreneurial capacities are often characterized by conditions or entrepreneurship factors that affect their performance, as well as their economic well-being. The Resource and Capacity Theory highlights the relevance of resources and capacities as the basis for sustainable competitive advantages that guide organizational and strategic decisions of the enterprise. Resource-based view has emerged as an influential theoretical framework for understanding how competitive advantage is achieved through a complex collection of resources. However small firms have limited resources and investing in environmentally oriented business practices can be a costly and risky endeavor (Andersén et al., 2020).

Based on the efficient allocation of resources in order to maximize utility and profit functions the term entrepreneurship was coined by Richard Cantillon in his work "Essays on the Nature of Commerce in General," where he introduced the notion of the entrepreneur as an imperative variable of the economic system (Cantillon, 1950). Entrepreneurship has been studied from different perspectives since it will improve skills from a theoretical point of view (Chell, 2007), as it is a creative activity that achieves business benefits (Huerta de Soto, 2005). But it also means taking risks, experimenting and learning from mistakes (Foss & Klein, 2012), being innovative in addressing business performance (Moloi & Nkhahle-Rapita, 2014), having the ability to perceive opportunities by taking advantage of existing resources (Kwiatkowski, 2004) and being creative and proactive (Kedmenec et al., 2015).

The local context influences entrepreneurship and it is extensively accepted that individual entrepreneurship and context are strongly related. Nevertheless, little is known about the impact of individual entrepreneurship on the entrepreneurial ecosystem (Martínez-Fierro, Biedma-Ferrer, & Ruiz-Navarro, 2020). Moreover, the absence of a significant level of entrepreneurship, especially at the regional level, represents a deficit in sustainable development (Huggins & Thompson, 2019).

Entrepreneurship becomes a complex phenomenon from a broad approach based on dynamic capabilities, in which factors of various types such as training, experience and confidence of business agents intervene and interact, both individually and collectively. The term dynamic capacity is part of a new approach in the field of strategic management (Jamil et al., 2019). This capacity was introduced by Teece et al. (1997) and defined as “the ability of the firm to integrate, build and reconfigure internal and external competencies to address rapidly changing environments where deep uncertainty exists” (Bogers et al., 2019). Other specialists consider dynamic capabilities as an extension of Resource and Capacity Theory in order to explain the sustainable competitive advantage of the firm (Zeng & Mackay, 2018). This conforms to the theory of innovation (Schumpeter, 1934) which holds that organizations can achieve economic gains and attain competitive advantage by introducing successful innovations and innovatively managing their resources. This can be accompanied by a steady learning process and the seizing of new opportunities, acquiring knowledge from all reachable resources, and thus making appropriate decisions (Yunis et al., 2018).

Among the properties of the organizations that work under a competence model, it can be highlight their adaptation which can be identified as “dynamic capacities.” This capacity identification is as important a strategic decision. It is as significant as decisions about which markets to enter, how to position oneself, in which markets exploit the existing resource positions, how to discourage entry and other “traditional” strategic variables (Pisano, 2017).

The higher degree of innovation complexity due to additional environmental requirements suggests that firms cooperate more intensively with stakeholders when it comes to environmentally beneficial innovations (Doluca et al., 2018). This theory is expanded with the introduction of knowledge, in which the company develops new capacities through dynamic learning capable of maintaining competitive advantages over time (Artal-Tur et al., 2019).

The theoretical contributions that recognize the positive benefits derived from dynamic capabilities are numerous, since those who focus on the development of new products and processes along with business model innovation will take advantage of them (Schoemaker et al., 2018).

Elia et al. (2020) show how competitive and cooperative dynamics can be virtuously integrated to provide individual (and company) driven responses to a timely socio-environmental issue. However, little attention has been paid to the role of the local context from a systemic approach, despite the fact that in recent years some empirical and theoretical studies have been carried out on the entrepreneurial ecosystem (Martínez-Fierro et al., 2020). Therefore, this

sustainable entrepreneurship should be understand as a contribution to solving environmental and societal problems through the realization of a successful business and promoting sustainable development through entrepreneurial activities (Luedeke-Freund, 2020).

The main contribution to the literature of this article is to address, from the perspective of dynamic capabilities and local context, an under-explored topic such as the analysis of the individual entrepreneur's capacity, supported by acquired training, experience and self-confidence, and how all this influences business performance. In addition, to provide a definition of entrepreneurship based on the review and model of entrepreneurial capacities.

Therefore, questions such as whether training and experience are variables that constitute the entrepreneur's own confidence, or whether this confidence influences business performance and institutional environment, are analyzed.

In order to answer all these questions, this paper is structured as follows. First, it studies the impact of the entrepreneur's capacity (training, experience and confidence) on business performance, and investigates the mediation of other factors such as the institutional environment and environmental sustainability, which leads to the establishment of a series of hypotheses. Second, with the purpose to confirm them, an empirical study is carried out, developed in the tourism sector, specifically how this decision is configured in the Mar Menor Region in Spain.

2 | LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The Region of Murcia has a physical geographical specificity, derived from natural conditions, the climate and the region that provide unique distinctive features, and shape its competitive advantage. The Mar Menor is a saltwater lagoon with an extension of 170 km², about to 3 to 6 m deep and its total coastal perimeter is 70 km. An old 20 km long chain of dunes, called “La Manga,” separates it from the Mediterranean Sea. This area allows the communication of both seas through five natural channels, called “golas,” currently expanded for maritime navigation (García-Ayllón, 2018).

In the region, the tourism sector, with a wide offer, which is not only limited to Sun and beach but can also deliver great possibilities in sports, health and beauty, gastronomic tourism, etc. This offer has not been exploited enough and has a wide range of improvement. The development of new products and experiences is essential for the growth of tourism entrepreneurship (Char-lee et al., 2020).

Following the recommendations for the development of sustainable tourism of the European Parliament, the characteristics of the destination, its environmental sustainability and the capacities of the entrepreneur will be the factors to be studied in this increase in entrepreneurship in the region (Weston et al., 2019).

An essential factor in the development of entrepreneurship in the region is the sustainability of the coastal lagoon. It is the fundamental element in the tourism model and which constitutes a fundamental component in the creation and development of small and medium-

sized enterprises. In which a series of anthropogenic effects are given (urban settlements, intensive farming, mass tourism, industry, mining, fishing, ports, etc.), that along with discharges of diverse nature, recent floods, has produced an important leakage of organic matter and nutrients to the lagoon thus degrading the Mar Menor (García-Ayllón, 2017). Given these offer characteristics, local politics needs to develop its own specific strategies to take advantage of the potential of entrepreneurship as a growth engine (Audretsch, 2018). The entrepreneur must define sustainable and environmentally friendly strategies that give more strength to the offer of this region.

The study of resources and capacities involves identifying the strengths of the company to take advantage of its talents against its competitors (Riveros et al., 2004). The importance of managing resources in order for them to generate superior performance has been stressed in numerous publications (Andersén et al., 2020). Chavez et al. (2020) explain that entrepreneurial individual orientation builds and strengthens internal practices for creating triple bottom line competitive advantage.

Intangible resources and capacities represent the foundations that would become solid advantages of the entrepreneurship, if used properly. These can include training, experience and confidence.

The intention to create a company is marked by motivations related to personal characteristics (internal) and environmental factors (external) (DeGeorge & Fayolle, 2011).

Theory suggests that members of family firms pursue the accumulation and conservation of wealth for future family generations and of the family name and thus its reputation, which has often been built up over several generations (Doluca et al., 2018). We find that family firms initially lag regarding environment-related activities, beneficial product, process and organizational innovations and performance.

Previous studies show that training and experience are determining factors in business performance (Agarwal et al., 2004). These can be constitutive of perception and feasibility of entrepreneurship, increasing it if the individual has close, even familiar, examples. This would lead us to situations where such actions can be carried out successfully (Dyer et al., 2014; Eddleston et al., 2008; Stam et al., 2014).

2.1 | Training, experience and confidence in the entrepreneurship

The most important resource available to the entrepreneur is the human factor (Marrero & Moré, 2017). Their preparation and training are directly related to the future productivity of the company. This production factor does not depend so much on quantity as on quality, based on the degree of training, skills, abilities, and work experience that these people possess. The training and experience aspects make up a quantifiable value associated with each person that entails their assignment to a job and their level of remuneration (Chou et al., 2020; Lee et al., 2016).

Previous research has shown that training and experience have an exponential effect on the results and survival of companies (Headd, 2003; Simón-Moya et al., 2012). In this sense, we must

understand the results and survival of the company as the business performance.

The probability of success of a new company will depend on entrepreneur capacities (Hopp & Sonderegger, 2015). Among them, learning skills and acquired experience allow for the exploration of new knowledge and the development of new products (Yalcinkaya et al., 2007). These can also be considered features that are part of the entrepreneurial dynamic to achieve success in a business (Abdulwahab, 2015; Santos et al., 2018).

Teece's Dynamic Capabilities Model (2007) considers that these are competitive advantage, especially in changing environments, but not limited to business management. Nevertheless, also affecting other activities such as discovering business opportunities and how to deal with them. In this way, the entrepreneur's capacities are in a changing environment and must be adapted to this dynamism. This dynamism allows the entrepreneur to face threats of the market and explore the opportunities that arise from the environment, to implement sustainable businesses. The challenge for the entrepreneur is to capture this knowledge, which is the result of training and experience, and which feeds back into his or her dynamic capabilities (Felin & Powell, 2016), allowing to respond appropriately to changes and to increase his or her confidence in businesses.

2.1.1 | Training as entrepreneurship capacity

Training is a key element in fostering entrepreneurial attitudes, intentions and skills (Maresch et al., 2016; Nabi et al., 2008). It facilitates relationships with stakeholders and improves project management (Fatma et al., 2020). This training becomes a good result if the dynamic capabilities model mediates business performance (Yáñez-Araque et al., 2017).

The education is essential to provide the skills and knowledge that are fundamental to the development of an entrepreneurial culture (Botha & Bignotti, 2016), this is also one of the key elements to increase people's business attitudes (Potter, 2008). Botha and Bignotti (2017) postulate that people with higher levels of training and/or education are associated with a greater ability to understand information from the environment, guiding their objectives and their business idea more effectively.

In this sense, education associated with people's knowledge can provide a competitive advantage and become a potential for business sustainability. Both knowledge and sustainability are considered critical factors in achieving new business results (West & Noel, 2009). Therefore, there is an important relationship between entrepreneur training as a capacity and the achievement of business performance (Faggian et al., 2017; Yáñez-Araque et al., 2017).

As a result of the above reasoning GEM Spain 2017–2018 provides a report which states that a key quality for entrepreneurship is that the person must believe that have sufficient knowledge and skills to undertake. The results of this study show that 81.3% people involved in entrepreneurship consider they have these qualities (Informe GEM España 2017–2018, 2018). Furthermore, Spain 2017

GEM Report shows the distribution of total entrepreneurial activity by education level in 2017 a 49.8% of them reached higher or post-graduate education, while 50.2% reached secondary or primary education.

Training as an entrepreneurial capacity, requires not only learning how to manage a company but also having an impact on the skills and abilities needed to carry out the business activity (creativity, communication, confidence, risk taking, etc.). Such training is positively related to the identification of business opportunities (Olugbola, 2017).

Training, based on explicit knowledge about entrepreneurship positively influences the entrepreneur's confidence in their performance (Liñan & Chen, 2009). Therefore, we can conclude with the following hypothesis.

Hypothesis 1a: *Training contributes positively to entrepreneur confidence.*

2.1.2 | Experience as entrepreneurship capacity

The experience allows a better identification, acquisition and exploitation of the resources that the new entrepreneur has available (Ribeiro & Castrogiovanni, 2012), helps to identify opportunities that occur in similar situations (Shane, 2000). Experience plays a decisive role for entrepreneurs who decide to create a business seeking their own security or freedom (Shabbir & di Gregorio, 1996).

When the experience becomes a routine, because its repetitive nature, it is a denoted capacity that results from the knowledge acquired over time and can have a positive moderating effect on the performance of new companies (Gompers et al., 2008; Kaplan & Schoar, 2005; Mattingly et al., 2016; Sørensen, 2007). Duchek (2018) points out that the impact of experience on business management must have positive effects on entrepreneurs in order to recognize new business opportunities.

Entrepreneurs who already have previous experience can analyze previous results and his background experience, that provides them with greater chances of success in taking new risks, and also provides the necessary confidence to think about succeeding in their decision to act (Krueger & Dickson, 1994), providing useful knowledge for the development of the new company (West & Noel, 2009).

Knowledge and information acquired as a capacity through previous work experience facilitates the identification of employer opportunities (Shepherd & Patzelt, 2010). This capacity is reinforced when they come from a family business, which provides a holistic knowledge of the problems that can be faced. And, it is reinforced with relationships with other entrepreneurs and the support of business associations resulting from business cooperation (St-Jean et al., 2017).

Personal and work experiences are part of their entrepreneurial capacity. Their lack of them can be considered a mayor limiting factor when deciding to create a new company and only a thorough training can alleviate this deficit (Botha & Bignotti, 2016).

In this way, the entrepreneur analyzes all the information derived from his or her experience, comparing not only risks and benefits but also making a rational decision based on his or her perceived capacities and skills. This type of behavior gives confidence in decision-making (Mellalieu et al., 2006; Suarez & Maldonado, 2018).

Therefore, we assume that previous experience affects the entrepreneur's confidence undertaking, so the following hypothesis can be proposed.

Hypothesis 1b: Experience positively influences the confidence of the entrepreneur.

2.1.3 | Confidence as entrepreneurship capacity

Confidence can be understood as the individual's perception of possessing enough knowledge and skills to start the entrepreneurship successfully. This knowledge is acquired throughout the learning and previous experience (Arenius & Minniti, 2005; Axelrod, 2017; Kayemuddin, 2012).

It reflects the capacity that it believes to possess to develop competitive advantages in dynamic contexts (Jamil et al., 2019). These dynamic capacities suppose the entrepreneur's abilities to mold his skills to the environment fluctuations (Teece et al., 1997).

In this way, this confidence is the main force for develop the entrepreneurial intention (Miralles et al., 2016). However, confidence can lead to over-optimistic forecasts associated with the failure of companies; this factor is moderated by the educational level of the entrepreneur (Bernoster et al., 2018; Invernizzi et al., 2016).

Control of perceived behavior is correlated with confidence to perform an action; motivates the individual to make career or entrepreneurial decisions (Krueger et al., 2000). When the individual's confidence leads to perceive entrepreneurship as desirable and feasible, credibility in the project is generated. Such credibility leads to the start of a potential business. Belief in one's own capacities is related to business development and therefore to entrepreneurship (Porfirio et al., 2018). Business performance is an important component for the viability of new companies and relies heavily on both the judgment of the ability to succeed and the confidence of the entrepreneur to make the right decisions (García-Vidal et al., 2019; Ruvio et al., 2010). In our study, the relationship between entrepreneur confidence and performance could be assumed as follows:

Hypothesis 2: Entrepreneur confidence positively influences business performance.

2.2 | Sustainability in the entrepreneurship

Sustainability is a strength for the company, and is based on the idea of producing goods and services while preserving future capabilities (Lim et al., 2017). In this sense, it has been progressively introduced into strategic business management, taking into account factors such

as the preservation of the environment, human rights and cohesion between human and social rights (Moneva & Ortas, 2010).

The entrepreneur needs to achieve success ensuring his or her individual confidence, which becomes an indisputable factor of entrepreneurship. This has been considered and in turn influenced by the social and cultural aspects of the environment (McClelland, 1961). Demonstrating that this capacity of the entrepreneur, as a social way of recognition, plays an important role when owners trust in different stakeholders and companies relate to their business (Zhu et al., 2019).

Entrepreneurs must incorporate universal values such as responsibility, discipline, ethics, perseverance, exemplariness and transparency in their actions, which will allow them to develop an adequate level of trust and credibility in their social and environmental actions with their clients, suppliers, workers, and investors (Valenzuela Fernández et al., 2015).

Certain concepts such as sustainable development and social responsibility, which are demanded by stakeholders, must be presented from the beginning of the new company design (Gray et al., 2020; Wilburn & Wilburn, 2011). Sustainable entrepreneurship seeks to implement business options, developed in a voluntary and responsible manner, that not only generate individual economic capacity and increased reputation, but simultaneously generate trust in society (Fischer et al., 2020).

The development of these capacities can help the incorporation of sustainability measures and social action (Redington, 2005), this implementation needs the commitment and motivation of the entrepreneur (Musibah & Alfattani, 2013), giving a relation between the competences and the appearance of these sustainability measures (Razafindrambinina & Kariodimedjo, 2011).

The entrepreneur's confidence in his/her performance capacities allows him/her to recognize the need to internalize environmental sustainability budgets as part of a long-term strategy, which gives him a differential argument against his competitors, therefore, we hypothesize that

Hypothesis 3a: Entrepreneur's confidence in his or her own capacities can favor environmental initiative.

Nowadays, environmental sustainability is no longer a philanthropic concept. But it can be considering a requirement for companies to be committed and visible in terms of the measures they are taken to minimize the impact their actions generate (Rodríguez & Ríos-Osorio, 2016).

Sustainable entrepreneurship is based on profit generation in the broadest sense of the term, i.e. including both economic gains to meet the needs of the entrepreneur and those of all the society (Shepherd & Patzelt, 2010).

New companies must opt for a new management style in which the principle of shared value is considered, choosing those actions that benefit both the company and its different stakeholders (Moneva & Ortas, 2009). Companies seek to integrate their economic objectives with environmental sustainability actions, so that benefits are achieved simultaneously for all stakeholders (Rashid et al., 2013).

These stakeholders must be considered by the entrepreneur to achieve their strategic objectives (García-Sánchez et al., 2018).

Environmental sustainability initiatives help to create an image and reputation in society, and therefore can lead to better levels of corporate profitability (Ferrero, 2013). Sustainable business models are sources of competitive advantage since the incorporation of sustainable value propositions generate economic benefits for companies, since they are identified as a potential factor in improving company performance (Porter & Kramer, 2011; Rao & Holt, 2005).

In this way, the impact of social responsibility and sustainability on organizational performance has been highlighted (Gallardo-Vázquez & Castilla-Polo, 2015; Reverte et al., 2016). It is therefore expected that sustainability measures will have a positive relationship with business performance, so the following hypothesis can be formulated:

Hypothesis 3b: Environmental sustainability contributes positively to business performance.

2.3 | Institutional environment in the entrepreneurship

Most public policies related to entrepreneurship do not solve market problems. However, these policies encourage people who are determined to engage in business activities even with a single employee. This type of business that has scarce motivation to innovate, consumes public resources that have a low and ineffective return (Acs et al., 2016).

For further entrepreneurship development it is necessary to improve certain structural elements for public organism, institutionalizing an environment where the capacity to take risks, innovation and initiative in organizational management are common structural elements in every organization (Gómez Haro & Salmerón Gómez, 2011).

The quality of the institutional environment is an essential factor for economic growth. The European Quality of Government Index (EQI), created by the Institute for Quality in Government at the University of Gothenburg, is the only indicator of institutional quality available at regional level in the European Union. It aims to capture citizens' perceptions of corruption, the impartiality of public services and their quality.

Support from the institutional environment should promote a closer entrepreneur's behavior in accordance with social responsibility values and environmental protection, increasing their legitimacy and reputation (Yi, 2020). An adequate institutional environment, as far as entrepreneurship is concerned, will be that which makes it easier and/or cheaper for the new entrepreneur to start his business. In this sense, the institutional environment plays a key role in explaining entrepreneurial activity (Rodríguez-Gulías et al., 2020; Urbano et al., 2019), configured as a factor of vulnerability or development of the company's capabilities (Herbane, 2019).

Therefore, a positive relationship between the institutional environment and business performance is assumed, which would lead to the following hypothesis.

Hypothesis 4: Closer institutional environment contributes to motivate business performance.

Figure 1 shows all the above hypotheses.

3 | METHODOLOGY

The objective of this empirical research is to explore the effect of the entrepreneur's capacities on the business performance. This section will explain in detail how the sample has been selected, the variables that have been constructed, the sources have been used, the method that have been used, as well as the statistical analysis performed.

3.1 | Sample

Tourism sector is a strategic sector for the economic dynamism of the Region, contributing to regional GDP with 11.4% of the regional total, growing above the whole economy. The Strategic Tourism Plan of Region of Murcia for the period 2015–2019, states that sun and beach tourism, characteristic of our region, is still the most important segment, producing 81% of the overnight stays in coastal accommodation. The constant improvement in the education and training of our tourism entrepreneurs is essential to raise quality, satisfaction and customer loyalty for the sake of greater competitiveness (Comunidad Autónoma de la Región de Murcia, 2019).

A determining factor in entrepreneurship development in the Mar Menor Region is the sustainability of the lagoon. This is not only an essential element in the tourism model but also a fundamental

component in the creation and development of small and medium enterprises. Preventing the degradation of this ecosystem is vital for sustainable economic development. This economic growth must be combined with a rational use of natural resources. At this moment, the lagoon is suffering a serious environmental imbalance, due to significant contamination by nitrates and organic compounds, aggravated by the torrential rains that occurred in 2016 and the latest in 2019 and 2020, which has led to the adoption of urgent measures to ensure the environmental sustainability of its surroundings (Velasco et al., 2017).

Entrepreneurs to whom this study is addressed will be those dedicated to the following branches of activity related to the tourism sector: accommodation, catering, retail trade, travel agencies, tour operators and various services such as advertising, real estate services, sports, recreation and entertainment.

The population chosen for this study are Small and Medium Family Enterprises related to tourism sector in the Mar Menor Region. The family establishments that are most related to this sector due to their main activity were chosen. Thus, data was collected from the Statistical Portal of the Region of Murcia, these are referenced to the year 2014, and its last update date was April 4, 2019, for establishments whose main activity was: Retail, accommodation services, food and beverage services and other services, this section includes real estate activities, travel agencies, advertising agencies, sports, recreation, and entertainment. Table 1 below shows the number of establishments according to the activities defined above, by population of the region:

Table 2 shows technical data sheet.

3.2 | Analysis and results

Statistical technique used for analyzing the proposed hypotheses was structural equation modelling (SEM) through Smart PLS 3.2.9 software. The technique used within SEM is known as PLS (Partial Least Squares).

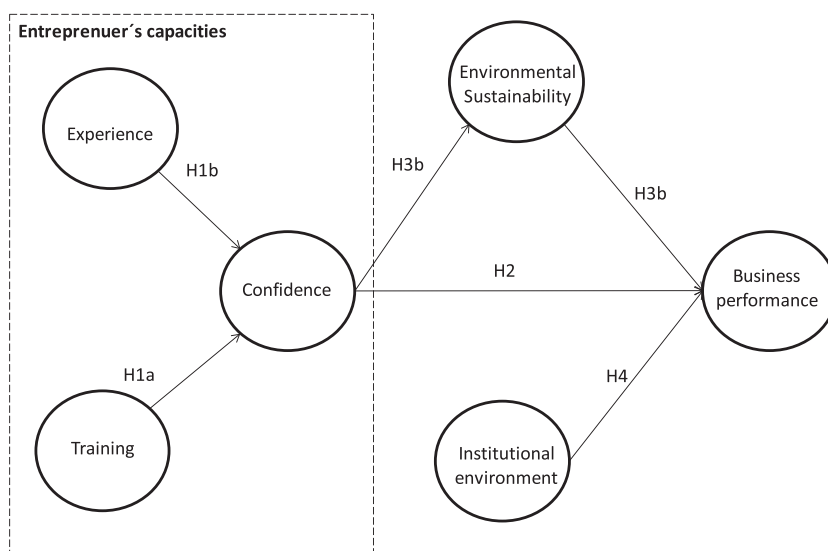


FIGURE 1 Conceptual model

TABLE 1 Number of establishments by populations

	Retail	Accommodation services	Food and beverage services	Other services	Total
San Javier	544	38	386	188	1156
San Pedro del Pinatar	354	14	243	107	718
Los Alcázares	203	15	226	82	526
Torre Pacheco	536	7	240	132	915
				Total	3315

Note: Source: Authors.

TABLE 2 Technical sheet

Universe	3315 companies
Geographical area	Mar Menor Region (Murcia)
Method of information collection	On-line survey
Population census	525 contacted companies
Sample size	120 companies
Participation rate	22.85
Sampling error	7.86
Level of confidence	95%; $z = 1.96$; $p = q 0.5$
Sample method	Not random convenience
Date of fieldwork	2019 May–December

Source: Authors.

PLS-SEM is acceptable for numerous situations of research, such as family business (Sarstedt et al., 2014) information systems (Hair, Hollingsworth et al., 2017), and tourism (Artal-Tur et al., 2019). PLS-SEM is used for assessing the theoretic model because is based on an iterative algorithm to obtain weights used for building linear combinations of observed indicators for all latent variables which facilitates the measurement of hypotheses to be verified (Müller et al., 2018).

A SEM really consists of both a measurement (outer) model and a structural (inner) model. The pattern of association between latent variables and their indicators is investigated by the measurement model, and the relationships between these variables (construct) are studied by structural model (Hair et al., 2014).

As none of the variables considered with respect to the established hypotheses is directly observable, indicators were used to reflect the constructs (Table 3) based on the literature consulted. Five-point Likert measurement scales were defined in a questionnaire, to approximate their values, formed by various indicators that collect the perceptions of the managers of the firms consulted in line with other studies (Bernal-Conesa et al., 2017).

3.2.1 | Outer model

Convergent validity and reliability of the reflective constructs is evaluated by the Dijkstra and Henseler's rho (ρ_A), average variance extracted (AVE), factor loading values and level of significance (Dijkstra & Henseler, 2015). Individual item reliability is assessed by

simple correlations of indicators with their latent variable and the standardized loadings (λ) (Hair, Hult et al., 2017).

Loadings (λ) greater than 0.7 are accepted thus the indicators will be part of their corresponding constructs (Table 3). Cronbach's α , ρ_A , and ρ_c must be greater than 0.707 and AVE must be greater than 0.5. The discriminant validity of the constructs is also assessed using the HTMT (heterotrait-monotrait) (Müller et al., 2018). According to this criterion, a construct has discriminant validity when the HTMT correlation ratio is below the value of 0.85 (Henseler et al., 2015). In this case, all HTMT relationships present values below that threshold (Table 4). As a result, the model shows a good performance in terms of reliability, convergent validity, and discriminant validity of the constructs.

3.2.2 | Inner model

Model quality assessment is based on standardized path coefficients (β) with confidence intervals and SRMR (Standardized Root Mean Square Residual). The outcome for the inner model is provided by the bootstrap method of PLS-SEM. β s above 0.2 are desirable, while β is also expected to be significant when it does not show a zero value in its confidence interval (Sarstedt et al., 2017). See Figure 2.

3.2.3 | Goodness of fit

An acceptable overall model fit is essential in order to understanding the parameter estimates because it shows whether the underlying theory is echoed in the data (Müller et al., 2018).

The value of SRMR must be less than 0.10 for PLS-SEM (Hair, Hult, et al., 2017) for the measurement model and the structural model, and values around and below their confidence intervals. The measurement model is compared to the structural model in order to obtain empirical evidence on whether the estimated model fits the collected data. In addition to the SRMR, the geodesic distance (dG) and the Euclidean distance ($dULS$) are calculated (Table 5).

The model is accepted if obtained values are smaller than the quantile of the confidence intervals. Hence, our model has to be accepted and theory is reflected in the data.

It should be noted that the confidence of the entrepreneur has a high influence on performance and also this relationship is reinforced

TABLE 3 Indicators, loadings (λ), and measurement model assessment

Indicators	Description	λ	Measurement model assessment			
			Cronbach's α	ρ_A	ρ_c	AVE
Environmental sustainability			0.87	0.90	0.90	0.65
27a	Noise reduction measures	0.77				
27b	Measures to reduce polluting gases	0.87				
27c	Measures for the treatment of solid waste	0.77				
27d	Measures for the treatment of liquid waste	0.83				
27e	Measures to reduce water and electricity consumption	0.79				
Institutional environment			0.86	1.04	0.88	0.65
32b	Training courses, workshops and practices	0.85				
32d	Subsidies or financial aid for the purchase of equipment	0.70				
32e	Social aids, for example for childcare	0.74				
32f	Aid for marketing and internationalization	0.92				
Experience			0.77	0.84	0.86	0.67
23b	Previous experience in business creation	0.88				
23c	Experience in business management	0.75				
23d	Sufficient skills and competencies	0.82				
Training			0.70	0.70	0.83	0.63
20a	Primary and secondary education stimulate entrepreneurial activity	0.82				
20b	Professional training provides sufficient skills and competencies for the creation of companies	0.80				
20d	The higher the educational level, the greater the ability to undertake	0.75				
Business performance			0.75	0.76	0.86	0.66
19a	Consistency that your project is feasible and viable	0.77				
19b	Clear objectives and resources to carry them out	0.84				
19d	Confident that your decision to undertake will achieve your results	0.83				
Confidence			1.00	1.00	1.00	1.00
19c	Confidence in their own abilities and capacities	1.00				

Source: Authors.

by environmental sustainability (Table 6). And within capacities, experience and confidence are the most influential and statistically significant; however, training is not relevant for business performance or for employer confidence.

4 | DISCUSSION AND CONCLUSION

The aim of this empirical study tries to deep on the effects of the entrepreneur's capacities on their business performance, studying how features treated can affect company's success particularly in small companies located in the Mar Menor Region in Spain.

The analysis has focused on two aspects: internal and external. The internal ones consider those that affect the entrepreneur (training, experience, and confidence) while the external ones understand (environmental sustainability and institutional environment).

4.1 | Theoretical contribution

Based on what is exposed in the work, entrepreneurship can be defined as “the irruption of human action in the market, in the way that the entrepreneur, with capacities and information, discovers in himself/herself new and value-creating ideas, achieving benefits where others do not obtain them, affecting employment and economic growth.”

In this way, economic can be considered as a determining factor in the establishment of a new company. However, many people are willing to sacrifice income in exchange of other types of non-pecuniary benefits (Hamilton, 2000). Economic motivation may dominate in the early stages of project development, when other objectives are often sacrificed in favor of the former. However, in later phases, other motivations play a more important role, from the need to make one's own decisions, to the possibility of using one's

TABLE 4 Discriminant validity analysis and HTMT values

	X1	X2	X3	X4	X5	X6
Sustainability (X1)	0.81					
Confidence(X2)	0.23	1.00				
Business performance(X3)	0.31	0.54	0.81			
Institutional environment (X4)	0.11	-0.17	0.08	0.81		
Experience (X5)	0.28	0.25	0.43	0.07	0.82	
Training (X6)	0.28	0.10	0.35	0.34	0.25	0.79
HTMT values						
	X1	X2	X3	X4	X5	X6
Sustainability (X1)						
Confidence(X2)	0.22					
Business performance(X3)	0.37	0.62				
Institutional environment (X4)	0.16	0.21	0.10			
Experience (X5)	0.35	0.25	0.55	0.11		
Training (X6)	0.37	0.12	0.49	0.40	0.36	

Note: Diagonal elements (bold) are the square root of the variance shared between the constructs and their measures (average variance extracted). Off-diagonal elements are the correlations among constructs. For discriminant validity, diagonal elements should be larger than off-diagonal elements.

FIGURE 2 Hypotheses test

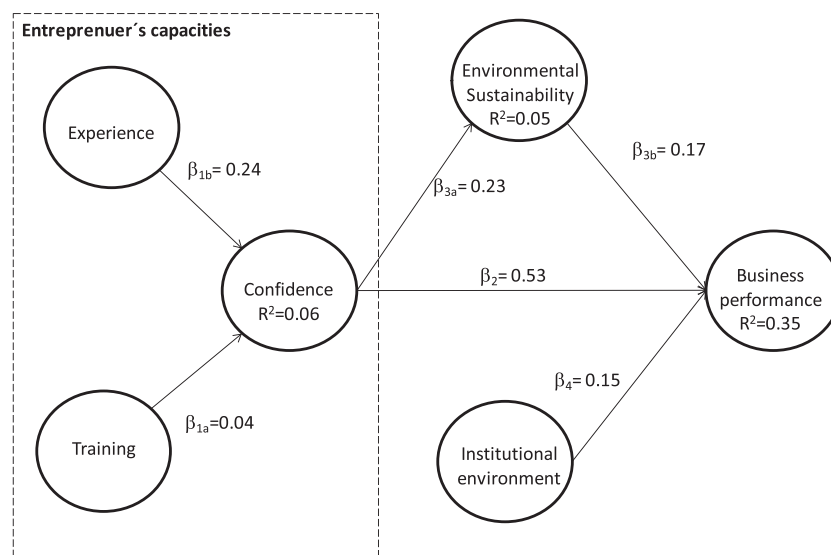


TABLE 5 Goodness of fit of the model

	Measurement model			Structural model		
	Value	Confidence intervals		Value	Confidence intervals	
		95%	99%		95%	99%
SRMR	0.08	0.15	0.18	0.10	0.13	0.16
dULS	1.29	4.29	5.84	2.93	3.40	4.84
dG	0.58	1.05	1.30	0.67	0.90	1.26

own time and the contribution to family welfare (Manolova, Brush, & Edelman, 2008).

The results confirm that the entrepreneur's capacities influence business performance. The literature provided shows that the

characteristics of the entrepreneur lead to increased capacity, which managing business performance (Sarwoko et al., 2013). The essence of entrepreneurship lies in the entrepreneur capacities (Grillitsch, 2019).

TABLE 6 Total effects in the model

Total effects	β	t values	p values	2.5%	97.5%
Environmental sustainability- > business performance	0.17	2.03	0.04	0.02	0.35
Confidence- > environmental sustainability	0.23	2.38	0.02	0.05	0.43
Confidence- > business performance	0.57	6.63	0.00	0.37	0.71
Institutional environment- > business performance	0.15	1.25	0.21	-0.14	0.33
Experience- > environmental sustainability	0.06	1.60	0.11	0.01	0.14
Experience- > confidence	0.24	2.95	0.00	0.11	0.40
Experience- > business performance	0.14	2.58	0.01	0.05	0.25
Training- > environmental sustainability	0.01	0.30	0.77	-0.05	0.08
Training- > confidence	0.04	0.34	0.74	-0.22	0.25
Training- > business performance	0.02	0.35	0.73	-0.12	0.15

The results of the study show that training is not significant and only explains a small part of the entrepreneur's confidence and performance. This is against other studies that consider training as a resource that contributes positively to business performance (Aguinis & Kraiger, 2009; Tharenou et al., 2007). Although is not clear how this training translates into improved business performance, some studies show weak results and even evidence of a negative relationship (Barba Aragón et al., 2014; Yáñez-Araque et al., 2017).

The results also confirm a lack of specific training for employers and workers in this sector, which is characterized by temporary contracts with low qualification requirements. The lack of regulated training in the tourism sector has not reached the training cycles in tourism until relatively recently, which has made the employer of this sector generally self-taught. Consequently, the entrepreneur influence of this variable on the confidence and performance is low.

On the contrary, experience especially in restaurants can compensate the shortcomings in regulated education with greater work experience (Hopp & Sonderegger, 2015). Our results show that experience significantly affects the confidence of the entrepreneur, and also the business performance. Moreover, the motivation of employees to train and develop their productivity must be increased (Salehzadeh et al., 2017).

4.2 | Practical implication

On the other hand, empirical results confirm that confidence has a positive effect on business performance, being one of the entrepreneurship's dimensions, confirming what Javan (2014) established for small businesses. Likewise, our positive result is on line with other previous studies (Bondima et al., 2013; Laguador, 2013). With reference to training, the results obtained corroborate that it is not a determining factor for becoming an entrepreneur, as the study points out (Informe GEM España 2017–2018, 2018).

On the other hand, environmental responsibility reinforces business performance, since it is a factor that not only adds value but also is identified as a competitive advantage for a tourist destination. The

strategy of focusing on customers and their needs has shown positive results in terms of performance in development of new tourism products (Yang & Zhang, 2018). Therefore, this environmental dimension significantly affects the performance (Omidi & Shafiee, 2018).

Many coastal areas are fragile, and recent decades have shown that tourism activities, particularly mass tourism, can threaten local ecosystems, and attractiveness of these areas (García-Ayllón, 2015).

This study has been carried out at a time the Mar Menor is being degraded both by urban development and by the environmental situation caused by the excess of nutrients dumped into the sea by intensive agriculture. This could lead to major changes in the lagoon, both at the ecological and environmental level and therefore their effects on socio-economic activities (Martínez-Fernández & Esteva-Selma, 2007). Thus, the regional government should promote policies that favor activity, such as urban planning, financial and fiscal incentives, in line with the importance of the tourism sector as the driving force of the regional economy.

Activities implemented in environmental responsibility policies should have a positive influence on the image and reputation of business (Nyarku & Ayekple, 2019). The Business Environment is strictly related to the socio-economic development of the region (Bartkowiak-Bakun, 2017). Therefore, the entrepreneur must direct his capacities toward sustainable tourism activities that support this line of socio-economic development.

Both the present study and previous ones have studied the moderating effects between environment and business performance. The hypotheses studied show the moderating effect of the institutional environment, as higher levels of success in business performance are associated with higher capacities in dynamic environments mainly (Hazlina Ahmad et al., 2010).

Business conditions, especially at the regional level, are strictly related to the socio-economic development of the region (Bartkowiak-Bakun, 2017). Regional government should promote tourism policies based on the Spain brand, through urban, financial and fiscal incentives, in accordance with the importance of the tourism sector as the driving strength of the regional economy.

The characteristics of the regional entrepreneurial ecosystem must be taken into account for the adoption of measures to support entrepreneurship (Szerb et al., 2019).

The effects of the COVID 19 pandemic on regional economies based primarily on the tourism sector make the implementation of these policies increasingly necessary, since higher levels of entrepreneurship reduce the impacts of crises (Williams & Vorley, 2014). Moreover, some studies discuss the role of entrepreneurship in rebuilding local economies in order to become more resilient (Korsgaard et al., 2020).

4.3 | Limitations and future directions

Although this work presents certain limitations associated with both geographical area and number of target cases. Thus, the study could be developed in other geographical areas in order to contrast the results and avoid the bias of cultural and socioeconomic factors. In addition, the information obtained in the surveys comes from owners and managers, so in future studies it is proposed to extend the range to other job positions.

While there is little empirical research on entrepreneurial skills, it should be further explored whether these are universal (Mitchelmore & Rowley, 2010).

Based on the results of this work, new possibilities are opened to extend the study in several ways, one of which could be based on other demographic factors of employers, such as gender differences.

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