
Mediating effect of happiness and resilience between emotional intelligence and small business success

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Abstract: Anchored in the theory of productive and happy workers, this study analysed the mediating effect of subjective happiness and resilience between emotional intelligence (EI) and entrepreneurial success. The sample consisted of 152 small entrepreneurs mentored by the Centro de Desarrollo de Negocios (CDN) in Biobio Province, Chile. Three scales previously validated at the national level were applied and linear regression and structural equation models were used to test the different hypotheses. The main results show that there is a partial mediating effect of subjective happiness and resilience on the relationship between EI and business success affecting three indicators of business success: self-perception of success, years of seniority in the company and income level. The practical implications refer to governmental policies to support entrepreneurs, which should consider support and encouragement in psychological domains.

Keywords: emotional intelligence; happiness; resilience; entrepreneurship; success.

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1 Introduction

Entrepreneurship is defined as the creation of new businesses for self-employment, and has become a major mode of income generation in developing economies due to its ability to drive economic growth (Shane and Venkataraman, 2000).

Entrepreneurship is effectively paramount in reducing unemployment, contributing to human capital development, and stimulating innovation, technology and the economy (Fritsch, 2008). It has been observed that developing economies have a significant accumulation of entrepreneurship activities. Bosma and Kelly (2019) in the Global Entrepreneurship Monitor (Berglund et al., 2016) describe that countries such as Chile, Peru or Colombia have higher levels of entrepreneurship than developed countries such as Canada, USA or Japan. Governments in developing countries have increasingly recognised that entrepreneurship is an effective means to improve the economy, and have implemented several programs to facilitate creating new businesses. These mainly involve changes in laws and regulations to make it easier to start and operate a business. Supporting entrepreneurs with financial resources or improving their business knowledge are some other public policies generated by various states (Drexler et al., 2014). While these economic strategies are important, they have often failed because they did not pay enough attention to entrepreneurs' psychological development and how it affected business success (Chliova et al., 2015).

Entrepreneurial success is a subjective construct, and has been related to factors such as productivity, favourable competitive position, income or personal wealth (Wiklund and Shepherd, 2005). Studies in this area up to the present time have focused mainly on quantitative factors such as economic capital. However, entrepreneurial success is also related to entrepreneurs' psychological attributes such as leadership, financial discipline, network resource management and positive relationships with employees and customers (Baluku et al., 2016), self-confidence, perseverance, autonomy, innovativeness, risk aversion, emotional intelligence, resilience, proactivity and opportunity seeking (Chittithaworn et al., 2011; Zampetakis et al., 2009).

Within these variables, emotional intelligence and resilience are key since they play an important role in life and work success, and generate an increase in positive emotions (Brackett et al., 2011). Emotional intelligence helps the entrepreneur to face the challenge of starting and managing a business, improving innovation capacity and the ability to recognise new business opportunities (Baron et al., 2012) along with improving decision making in emotionally complex situations, allowing adaptive responses to unpredictable events (Mayer et al., 2004). Similarly, business resilience is vital for adapting quickly to change, learning from mistakes and increasing ambiguity tolerance levels (Ayala and Manzano, 2014). One of the novel variables included in this study is subjective happiness, derived from positive psychology, because several studies have indicated that high levels of this element increase positive emotions, which in turn increase entrepreneurs' performance (Wright and Staw, 1999). This is because they enjoy their work, have more freedom and perceive their daily work as less demanding (Dijkhuizen et al., 2016). The theory of the productive and happy worker proposed by Wright et al. (2002) comes to support these ideas, as it points out that increased positive emotions in the medium term generates better, increased job performance. The social cognitive theory of Bandura is also important in translating entrepreneurial intentions into action (Bandura, 1986; Zhao et al., 2005). According to this theory, positive emotions are an important source of self-efficacy and emotional regulation, which would help entrepreneurs to better manage their businesses, and handle their emotions in periods of crisis and stress and distress caused by self-employment, as opposed to negative emotions that are an obstacle to entrepreneurial action (Arenius and Clercq, 2005).

The main objective of this research is to link the mediating effect of subjective happiness and resilience with the relationship between emotional intelligence and business success. Given that the concept of success is broad and subjective, we have categorised it on the basis of three variables: company revenues, years of seniority, and self-perception of entrepreneurial success. We believe that this research makes three important contributions. First, it contributes to the theory of the productive and happy worker from the point of view of the entrepreneur, since this theory has been studied with salaried workers and not with self-employed workers. Second, we evaluate how certain psychological characteristics among entrepreneurs affect their business success. To this end we add variables from positive psychology such as emotional intelligence, subjective happiness, and resilience, which have been proven to have an important effect on performance. Finally, we believe that this research is important for the development of public entrepreneur training policies in Latin America, since support for this group is generally oriented towards providing economic subsidies and business training, without considering psychological aspects which are essential to start and maintain a business.

2 Literature review and research hypothesis

2.1 Literature review

2.1.1 Entrepreneurial success

The success of a company is studied on the basis of different parameters, since most of the objectives can evolve over time and change according to entrepreneurs' perceptions of success (Orlitzky et al., 2003). Business success indicators are divided into two categories: quantitative and qualitative. The quantitative factors most commonly cited in the literature are profitability, productivity, favourable competitive position, income, personal wealth and turnover (Wiklund and Shepherd, 2005). Commonly cited qualitative factors are innovation, employee or customer satisfaction, business survival and company growth (Hill and Jones, 2011).

Among the quantitative indicators, revenue is fundamental since business structure depends on it and it is a core motivator for starting a business (Laitinen, 2002). Company income level depends on national economic development, because it increases the demands and, therefore, the business opportunities for entrepreneurs and their profitability (Fritsch and Schroeter, 2011). Other factors influencing revenues are firm size, entrepreneurial age, diversification, geographic location, managerial ability, money motivation, business acumen, and ability to delegate (Glancey, 1998).

Another success indicator described by the literature is company age. This is one of the most important indicators, since it is important not only to create a company but also to consolidate it over time (Haber and Reichel, 2005).

Firm survival is due to internal and external factors (Manjón-Antolín and Arauzo-Carod, 2008). The internal ones are mainly age, size, initial capital (Headd, 2003) level of assets, access to debt (Schäfer and Talavera, 2009) and number of employees (Nunes et al., 2013) in the firm. Key external variables include the sector and the economic cycle in which the company is immersed (Simón-Moya et al., 2016).

When considering entrepreneurs' gender, Luque-Vílchez et al. (2019) describe that there is a higher probability of survival for small businesses led by women, because they have higher risk aversion and their business strategies are more focused on slow growth and long-term survival. Entrepreneurs with greater family obligations and high economic dependence on entrepreneurial activity show higher business survival rates. A third research variable is self-perceived success, which is related to small business growth and success. This quality is important for the continuation or abandonment of business creation (Baluku et al., 2016).

2.1.2 Emotional Intelligence and entrepreneurial success

Emotional intelligence (Baron et al., 2016) is defined as the ability to recognise our feelings and those of others, to motivate ourselves, and to adequately manage our relationships with others and with ourselves (Goleman, 1998).

Research has confirmed the critical role EI plays in life and work success (Brackett et al., 2011). Individuals with high EI are more self-aware, better regulate their emotions, are better able to self-motivate, and have greater social skills (Mayer et al., 2004). At the work level they have higher satisfaction, commitment and performance (Ahmetoglu et al., 2011); more stable career paths and higher probability of promotion (Aydin et al., 2005); transformational leadership (Rosete and Ciarrochi, 2005); better team functioning

and performance, and a great impact on business success (Allen et al., 2021). At the group level, high EI promotes the building of collective identities to develop group loyalty, cohesion, interdependence, learning, and relatedness (Udimal et al., 2019) EI is important in the business world because it helps entrepreneurs face the challenges of starting and managing a business, enhancing innovativeness and the ability to recognise new business opportunities (Baron et al., 2012) Managing an entrepreneurial business has been described as an 'emotional roller coaster' (Shepherd and Cardon, 2009) because entrepreneurs face resource scarcity in environments of great uncertainty and ambiguity (Fisher et al., 2020). They must overcome frequent setbacks and become proficient in acquiring resources through effective relationship management as well (Ciuchta et al., 2018). This makes it crucial for entrepreneurs to be competent in regulating their own emotions, and to have the ability to maintain focus and make sound decisions in highly stressful situations (Mayer et al., 2004).

Entrepreneurs with high emotional intelligence believe in their abilities and perceive themselves to have more and better opportunities for entrepreneurship and success, because they adapt better to the environment, work better under stressful conditions, and adapt better to change (Mortan et al., 2014). Human capital theory holds that there are certain characteristics that enhance individuals' effectiveness, such as education, experience, knowledge, skills or abilities (Chandler and Hanks, 1998). Allen et al. (2021) describes that EI should be included as a critical indicator of this theory, since it strongly predicts business success. It has been pointed out that certain cognitive variables such as general mental capacity and emotional variables such as EI are predictive of success; however, EI would be much more powerful (Allen et al., 2021). General mental capacity would only be predictive of success in emotionally undemanding jobs and only in the first six months of starting a business, unlike EI which is key in any situation and has a long-term effect (Joseph et al., 2015).

2.2 Happiness in entrepreneurs

Being happy is fundamentally important to most people, and happiness has been a highly valued goal across most societies (Diener, 2000) Feeling happy is fundamental to human experience, and most people are at least mildly happy much of the time (Diener and Diener, 1996). Happiness has attracted the attention of philosophers since the dawn of written history (McMahon, 2006), but has only recently come to the fore in psychology research. The rise of positive psychology in the past decade has legitimised attention to happiness and other positive states as opposed to the previously dominant disease model which directed attention disproportionately to illness, depression, stress and similar negative experiences and outcomes (Cropanzano and Wright, 1999; Seligman and Csikszentmihalyi, 2000).

Wright and Staw (1999) indicate that happiness is an element that increases entrepreneurs' performance, this correlation being higher in the second and third years and decreasing in the fourth and fifth years. Schneck (2014) used survey data from 25 European countries and found that entrepreneurs are happier than wage earners in most of these nations. This would not be the same for undeveloped countries, though, because there will be fewer benefits for entrepreneurship. Similarly, entrepreneurs have fewer negative emotions than salaried workers (Shepherd and Patzelt, 2011). Other researchers (Binder and Coad, 2016; Dijkhuizen et al., 2016) demonstrated the existence of positive

correlations between happiness and entrepreneurship, because small business owners are very satisfied, enjoy their work, have more freedom and perceive their work as less demanding. Berglund et al. (2016) have described that when salaried employees become self-employed they experience a significant increase in happiness. This could be increased by certain personality traits, such as extraversion, agreeableness and social awareness. Being self-employed implies a pleasant feeling of operating a business for oneself, taking responsibility, making decisions and taking risks (Blanchflower and Oswald, 2004).

Entrepreneurs are also happier because they obtain good economic benefits and have less pressure over time. Women show greater happiness even if the benefits are low (Carree and Verheul, 2012; Fors Connolly et al., 2021). There is also data showing that entrepreneurs' happiness increases if their family is entrepreneurial (Zhao et al., 2020).

2.2.1 Resilience in entrepreneurship

Resilience has been defined as the ability to move on with life, or to continue living with purpose, after hardship or adversity (Tedeschi and Calhoun, 2004). Resilience helps people when faced with constant change and is an important resource in promoting adaptation and well-being (Meneghel et al., 2013). Resilience is necessary for individuals, organisations and society in general to cope with challenges and combat new social effects (Ran et al., 2020). The term 'resilience' has been used in the organisational world to describe the characteristics of those organisations that are able to find alternative ways to manage or respond quickly to adverse conditions (Santoro et al., 2021), where the development of adaptability and resilience can increase risk tolerance and the ability to adapt to environmental uncertainty (Del Giudice et al., 2017).

At the individual level, it has been described that positive emotions are the pillar of individuals' resilience (Tugade and Fredrickson, 2004) so resilient people are able to maintain optimism and hope (Mak et al., 2011). Resilient people cope better with difficult circumstances because they view stressful events as challenges they can overcome rather than as invincible threats (Fletcher and Sarkar, 2013). Resilience is thus an essential personal resource that entrepreneurs can use to better interpret and respond to the stressful business context (Chadwick and Raver, 2020).

Individual resilience among entrepreneurs is necessary for success when creating a company (Davidsson and Gordon, 2016) and is the most important personal element that gives continuity to a business (Sheffi and Rice, 2005). Entrepreneurs' resilience can be a business success factor since entrepreneurs need to possess a high degree of tolerance to ambiguity, and need to be able to quickly adapt to change, take advantage of those situations and learn from their mistakes (Ayala and Manzano, 2014). Resilience also plays a role in new entrepreneurs' thought-action repertoires, producing positive emotions that can be used to maintain a challenging mindset in the face of stressful circumstances (Chadwick and Raver, 2020). Ducheck (2018) mentioned that despite the importance of entrepreneurs for economic development and innovation, resilience and the factors that strengthen it in individuals have seen little study. However, most empirical studies on resilience have analysed its relationship with entrepreneurial intentions and entrepreneurship (Pérez-López et al., 2016) while only a few investigations have related entrepreneurs' resilience to entrepreneurial success (Chadwick and Raver, 2020).

Santoro et al. (2021) have described that companies' profitability is positively affected when the entrepreneur has a strong resilience characterised by the search for

alternatives in complex circumstances, managing difficulties in daily activities, seeking creative solutions to overcome problems, and a great capacity to react in adverse conditions. The authors also mentioned that resilient entrepreneurs can influence employees' resilience to improve overall organisational performance.

Castro and Zermeño (2020) have identified six factors that influence entrepreneurial resilience:

- 1 attitudes towards crisis
- 2 firm characteristics
- 3 emotional attachment to the firm
- 4 previous experiences
- 5 relationships with various public and private institutions in the business environment
- 6 social and human capital
- 7 strategic management.

2.3 Hypothesis

H1 There is a positive and significant relationship between EI and self-perception of success.

Self-perception of success has been described as the sense of personal, occupational, economic or emotional well-being that people experience from achieving their goals in activities about which they are passionate (Dann, 1995). In entrepreneurs, according to Zimmerman and Chu (2013) this is based on the need to improve personal income and the desire to be their own boss, so that the feeling of satisfaction for achieving these aspirations is the representation of success.

Baron et al. (2016) found that entrepreneurs tend to have high levels of self-efficacy, perception of success, and optimism, which could lead them to set goals that are too high and therefore unattainable. Entrepreneurs who fail to achieve even unattainable goals tend to become disillusioned and demotivated; as a result, their performance declines.

Emotional intelligence is therefore an important factor contributing to the formation of self-awareness and self-regulation of emotions. Gundlach et al. (2003) state that employees with a high level of emotional intelligence are more aware of their emotional state, are more self-efficacious, and regulate their expectations of success. This indicates the importance for entrepreneurs to be proficient in regulating their own emotions with EI-based skills. The ability to make sound decisions in emotionally difficult situations, the ability to maintain key entrepreneurial relationships, and the ability to stay motivated in the face of difficulties and failures, are all critical antecedents of entrepreneurial success (Allen et al., 2021).

These ideas are our grounds for developing Hypothesis 1.

H2 Subjective happiness and resilience will behave as mediating variables between EI and self-perceived success.

Dasgupta and Mukherjee (2011) and Lyubomirsky et al. (2005) describe that emotional intelligence promotes happiness, and the latter has been associated with successful behaviours such as active participation in the environment and in pursuing goals.

It has also been shown that people with higher levels of EI have fewer negative emotional states (Fernández-Berrocal and Extremera, 2006), and EI could increase the frequency and maintenance of happiness and positive emotions (Orchard et al., 2009).

Considering the association between EI and resilience, the vast majority of research in the area shows that people with better EI have better resilience (Sarrionandia et al., 2018). Armstrong et al. (2011) demonstrated that EI plays a significant role in psychological resilience and is adaptive in the face of stressful situations. Salovey and Mayer (1990) for their part, confirm that people with better EI fare better with the emotional requests of stressful situations as they are able to “accurately perceive and appraise their emotions, know how and when to express their feelings, and can effectively regulate their mood states.” Finally, Cejudo et al. (2016) confirm that people with a high level of EI show a greater degree of resilience, with the correlation between emotion repair and resilience being the most significant. These ideas are the basis for developing Hypothesis 2.

H3 There is a positive and significant relationship between self-perceived success and income level according to the path of mediating variables and EI.

Entrepreneurs’ self-perception of success can lead to strong beliefs in their own abilities to perform entrepreneurial tasks (Lindsley et al., 1995), setting challenging goals and high levels of persistence (Trevelyan, 2011). Entrepreneurs with high levels of perceived success set challenging growth expectations for their firms and persist in their efforts to achieve these goals. These invested efforts’ effects are also reflected in performance (Miao et al., 2017). These ideas are the grounds for developing Hypothesis 3.

H4 There is a positive and significant relationship between EI and years of entrepreneurship.

Young firms and old firms differ in terms of their year of establishment in industries (Miao et al., 2017). Hmieleski and Baron (2009) argued that firms aged one to six years are young firms, and those aged more than six years are defined as old firms. Compared to young firms facing the liability of newness, old firms possess a particular resource base that helps entrepreneurs to operate efficiently in a given condition (Thornhill and Amit, 2003).

Entrepreneurs devote considerable effort over many years to overcome challenges in developing and sustaining their businesses (Nambisan and Baron, 2013), which requires motivation, resilience and high emotional intelligence (Allen et al., 2021).

Popescu et al. (2020) similarly stated that sustainable development of small and medium enterprises is positively influenced by a high level of emotional intelligence, self-awareness and interpersonal skills. Entrepreneurs’ high emotional intelligence level shows an increasing trend over time, which generates an increased ability to understand others and mobilise the team to achieve high performance and sustainable development of their companies. These ideas are our foundation for developing Hypothesis 4.

H5 Subjective happiness and resilience will behave as mediating variables between EI and years of entrepreneurship.

When considering happiness as a mediating variable between EI and years in business, we found no evidence on this point. However, happiness has been considered a mediator in other research, for example, between job satisfaction and job performance, where it was found that job satisfaction and job performance are more important than EI. Al-Ali et al. (2019) established the relationship between job satisfaction and job performance, mediated by happiness.

Figure 1 Relationship of the components of emotional intelligence with the perception of success, with the mediating variables happiness and resilience and the relationship of the perception of success on income

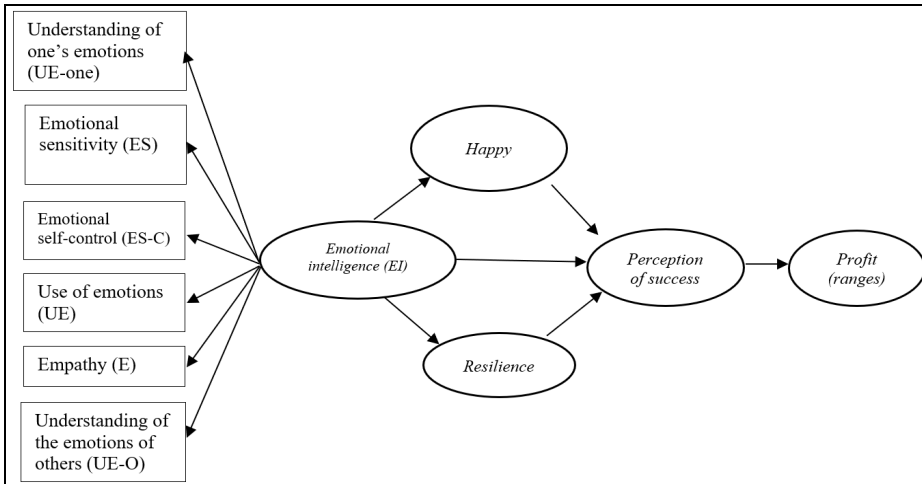
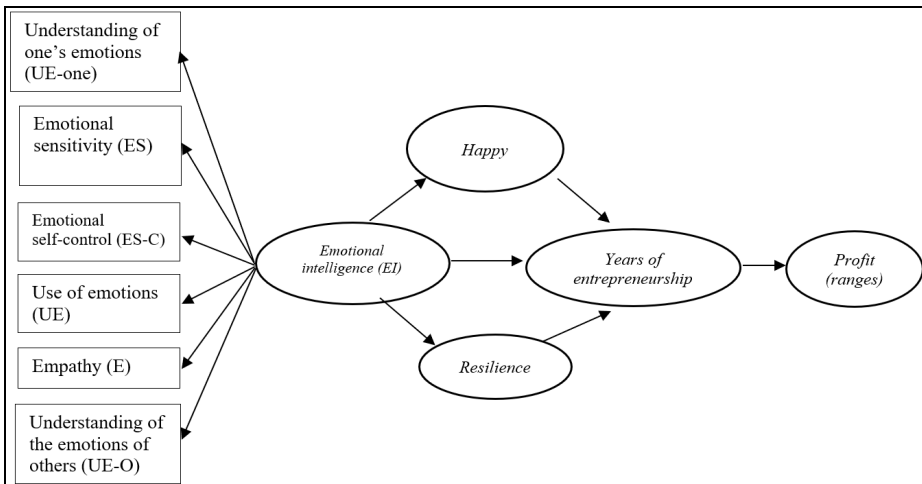


Figure 2 Relationship of the components of emotional intelligence with the years of entrepreneurship, with the mediating variables happiness and resilience and the relationship of the years of entrepreneurship with income



Entrepreneurs are very social, and their work requires managing emotions in organisational settings (Burch et al., 2013). An entrepreneur must have skills such as

emotional intelligence and resilience to face crises and compete. EI is the ability to interpret, regulate, and evaluate feelings, it is also the ability to consider the thoughts and emotions of others, and most often encompasses principles of communication and emotional management, self-awareness, and sensitivity (Romanelli et al., 2006). Resilience is also the ability to show resistance in the face of adversity and hardship (Shepherd et al., 2020). Resilience can improve the performance of small and medium enterprises by mediating between EI and firm performance and years of duration (Khan et al., 2022). These ideas are our basis for developing Hypothesis 5.

H6 There is a positive and significant relationship between years of entrepreneurship and income level according to the path of mediating variables and EI.

The relationship between firm age and profitability is contentious. Some have reported a positive and significant relationship between age and profitability (Akinyomi and Olagunju, 2013), while others have reported negative relationship (Coad et al., 2007). This mixed reaction has made the debate inconclusive.

Majumdar (1997) investigated the impact of size and age on firm-level performance of 1,020 Indian firms. It was discovered that older Indian firms are more productive but less profitable. In the same vein, Doğan (2013) focused on 200 companies listed on the Istanbul Stock Exchange from 2008 to 2011. The study found a negative relationship between age and profitability. Coad et al. (2007), using a sample of Spanish firms from 1998 to 2006, found that firm performance improves with the age of the firm and that older firms have a lower level of productivity and profitability. This is our basis for developing hypothesis 6.

Figure 1 shows the relationship of the six components with the latent variable of emotional intelligence and its relationship with the perception of success, and also considers the use of the mediating variables happiness and resilience. This model allows the evaluation of H1 and H2. In turn, the use of a pathway is evaluated to determine the relationship between perceived success and the entrepreneurs' income. This allows for evaluation of H3.

Figure 2 raises the relationship of the 6 components with the latent variable of emotional intelligence and its relationship with the years of entrepreneurship, along with considering the use of the mediating variables happiness and resilience. This model lets us evaluate H4 and H5. In turn, the use of a path is evaluated to know the relationship between the years of entrepreneurship with the income of the entrepreneurs. This allows for evaluation of H6.

3 Methodology

3.1 *Sample and procedure*

To test our hypotheses, this study is based on data collected from entrepreneurs of micro, small and medium-sized enterprises (SMEs) registered until 2018 at the Small Business Development Center (SBDC) belonging to Biobío Province. SMEs play a fundamental role in the Chilean economy. These contribute to 97% of existing companies in Chile and are a fundamental source of employment in Chile, contributing 46% of total employment (National Institute of Statistics, 2019). SBDCs are organisations created by the Government of Chile where entrepreneurs receive free technical advice through expert

mentors to strengthen their capacities and develop their business activity (Opazo et al., 2017).

Data collection ran from June 2018 to August 2018. We surveyed entrepreneurs who owned their businesses because they need to know how entrepreneurial characteristics affect the success of the business. The survey was created through the Google Drive Form tool, and was administered online with the mails obtained by SBDC, since an online sample can control the risk of non-representative sample (Sills and Song, 2002). First, to improve response rates, the contact of the SBDC professionals was used before sending the form to ensure that the email is not considered as spam. Contacts were also made to ensure that respondents received the emails. Second, we guarantee the reliability of the information by confirming that only the aggregated results would be published (Sills and Song, 2002). Third, it was ensured that the results would be delivered to SBDC in order to be discussed and shared by the entrepreneurs. We believe that these steps ensured a good response rate in a short period of time.

From a universe of 247 entrepreneurs receiving SBDC advice, we obtained a sample of 152 entrepreneurs. To achieve this, an invitation was sent to the contact emails of the entrepreneurs using the records obtained by the SBDC. The objective was to obtain a total of 152 records equivalent to a random sample with 95% confidence and 5% error. Socio-demographic information was collected. Their ages ranged from 18 to 65 years. 46% of these entrepreneurs were men and 54% were women. 49% of entrepreneurs are considered within the service sector, 28% of entrepreneurs are considered in the commerce sector and the remaining 23% are entrepreneurs in the transport, education, culture, health, research and development and farming sectors.

3.2 Controlling common method variance

We took several steps to control the possible common method variance (CMV). First, we use the method proposed by Podsakoff et al. (2012) where we performed the Harman single factor test. We enter all items in an exploratory factor analysis by main axis factorisation and the varimax main rotation technique. As a result, three factors continue 60.85% of the total variance. The first factor contains 35.39% of the total variance, which means that no single factor accounts for the majority of the total variance. A recent review Bozionelos and Simmering (2022) identified that the probability of CMV leading to an inflationary common variance bias is remote, considering the typical degree of reliability found in our study.

3.3 Instruments

- *Emotional intelligence:* We use the emotional intelligence inventory instrument modified and adapted by Galvez et al. (2015) which consists of 32 Likert-type items ('1' = 'completely unsuccessful' and '5' = 'completely successful'). It is made up of six factors:
 - 1 emotional self-understanding (UE-one)
 - 2 emotional sensitivity
 - 3 emotional self-control (ES-C)
 - 4 use of emotions

- 5 empathy (E)
- 6 understanding of the emotions of others (UE-O).
- *Resilience*: We used as a basis the resilience subscale of the psychological capital questionnaire (PCQ) validated in Spain by Azanza et al. (2014). This questionnaire has been validated in Chile (Rodríguez-Cáceres et al., 2018) and is composed of four items, which measure aspects such as perseverance and self-confidence.
- *Subjective happiness scale (SHS) (happy)*: We use the SHS by Lyubomirsky and Lepper (1999), adapted in Chile by Moyano Díaz and Ramos Alvarado (2007) to measure global or lasting happiness. People answer a Likert-style questionnaire with answers from 1 to 7, answering questions such as: “Some people are very happy in general, enjoy life regardless of what happens, get the most out of it. To what extent do you agree?”
- *Entrepreneur’s perception of success (success)*: Idrovo Carlier and Leyva Townsend (2014) showed that the perception of personal satisfaction is not only affected by the success measured by quantitative variables, but also influences the perception of personal success. Dijkhuizen et al. (2016) used a Subjective Entrepreneurial Success Scale. This scale considers subjective financial measures that are strongly related to objective measures such as profit, number of employees, and years of entrepreneurship. It also considers subjective personal success factors (social factors, relation to customers, personal goals and personal development) to measure business success. To measure entrepreneurs’ perception of success, a question was considered: *do you consider yourself a successful entrepreneur?* The answer could be yes or no (*success*). In addition, objective years of business and ranges of gross business income are considered objective measures of entrepreneurial success. These measures have been provided by SBDC executives and have been authorised by entrepreneurs.

3.4 Data analyses

First, we calculated Pearson’s correlation indices to know the relationship of each entrepreneurial success variable with the analysis variables. Second, we performed a structural equation model (SEM) to test each of the estimation hypotheses. This conceptual model identifies the latent variable of emotional intelligence and shows how the resilience and subjective happiness variables mediate this with entrepreneurial success. We estimate a model that uses diagonally weighted least squares (DWLS) to test how subjective happiness and resilience have a mediating role in the success of the entrepreneur. Jöreskog and Sörbom (1996) promoted the use of this method when the samples are small and the data violate the normality assumption. The DWLS methods use a polychoric correlation matrix, and are considered superior when the variables observed in the latent variable models are ordinal. In our case, both corporate seniority years and its gross income range are ordinal variables. Li (2016) showed that DWLS produces factor load estimates and correlation estimates that are more accurate than maximum likelihood. DWLS structural coefficients also exceed the ML estimates. The statistical properties of this model translate into practical advantages, having more reliable structural relationships when using DWLS.

Table 1 Mean, standard deviation and correlation

Variables	Cronbach's alpha	Media	SD	1	2	3	4	5	6	7	8	9	10	11
1 UE-one	0.81	4.6	0.37	1										
2 ES	0.72	1.99	0.64	-0.46*	1									
3 ES-C	0.79	4.1	0.65	0.59*	-0.38*	1								
4 UE	0.78	4.5	0.45	0.59*	-0.53*	0.52*	1							
5 E	0.98	4.82	0.38	0.21*	-0.43*	0.36*	0.33*	1						
6 UE-O	0.75	4.44	0.52	0.54*	-0.54*	0.47*	0.63*	0.38*	1					
7 Resilience	0.64	4.53	0.65	0.36*	-0.28*	0.48*	0.35*	0.36*	0.43*	1				
8 Happy	0.89	5.99	0.45	0.28*	-0.43*	0.29*	0.32*	0.41*	0.37*	0.37*	1			
9 Years of entrepreneurship	–	1.63	0.38	0.33*	-0.05	0.31*	0.32*	0.2**	0.22*	0.36*	0.22*	1		
10 Profit	–	1.76	0.52	0.09	-0.11**	0.18**	0.15**	0.06	0.15**	0.22*	0.09	0.18**	1	
11 Success	–	0.76	0.42	0.31*	-0.33*	0.19**	0.57*	0.09	0.31*	0.23*	0.38*	0.16**	0.06	1

Notes: SD: standard deviation. *Significant correlation at the 1% level; **significant correlation at the 5% level (two-tailed test).

Table 1 shows the summary statistics of the variables considered in SEM.¹ For profit ranges, the average is centred on the low levels of profit.² Furthermore, the enterprises are roughly a year and a half old³, and 76% of those surveyed consider themselves a successful entrepreneur. We have carried out convergent and discriminant validity tests, whose results indicate that our instruments are reliable (see Appendix, Table A1 and Figure A2). Most of the scales used have a level of reliability above the accepted level 0.7 (Hair et al., 2013) except for the resilience scale, which was close to the acceptable levels (Cronbach's $\alpha = 0.64$), Rodríguez-Cáceres et al. (2018) obtained close levels for the resilience scale. For the emotional intelligence latent variable, a measurement model was performed to determine the adjustment criteria. The measurement model demonstrated an acceptable fit (RMSEA = 0.115, SRMR = 0.051, NFI = 0.92, chi-square/df = 2.99) (Williams et al., 2004). Finally, CFI values equal to 0.95 indicate that a model shows a good fit of data. Our model reached CFI = 0.947 (Hair et al., 2013).

3.5 *The structural model*

To test the hypotheses, we examined the size and significance of structural paths with the structural model (SEMs). SEMs have advantages in testing mediation models, because they allow each path to be tested directly, and any complications in terms of measurement error, correlated measurement error and feedback are directly incorporated into the model (Baron and Kenny, 1986). Following the example of Karami and Tang (2019) to populate the structural model paths' precision, bootstrapping tests were applied with 500 subsamples. The causal mediation test was carried out with non-parametric bootstrap confidence intervals tests.

Before testing the mediating effect of resilience and subjective happiness on entrepreneurial success, our mediation model must meet three conditions to be a complete mediation model:

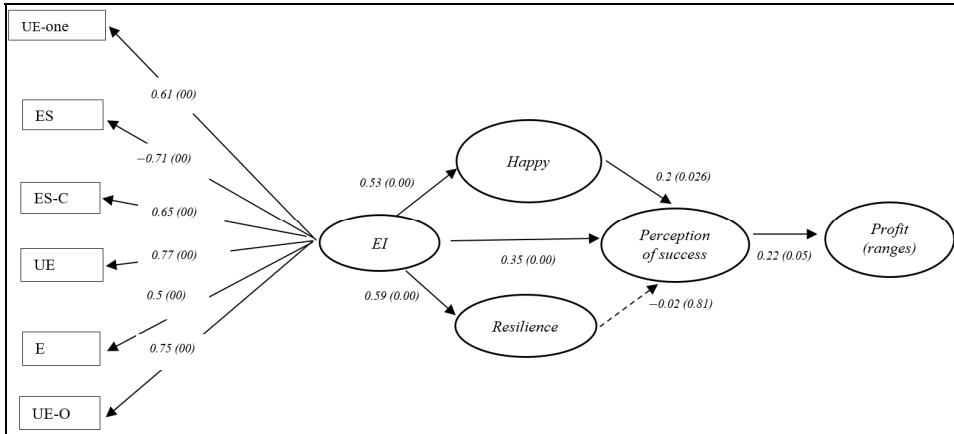
- 1 our independent latent variable, that is, EI, must be significantly related to the mediators, in our case subjective happiness and resilience, along with being significantly related with the dependent variable, business success (measured both as perception of success and years of entrepreneurship)
- 2 the mediators must be significantly related to the dependent variable
- 3 after adding the significant pathways of the mediators to the structural model, the relationship between the independent and the dependent variable does not exist (Baron et al., 2016).

For partial mediation, condition (3) is not fulfilled. Therefore, the relationship between the independent and the dependent variable decreases, but it is significant.

H1 seeks to verify the effect of EI on perceived success. Furthermore, H2 aims to verify the mediating role of subjective happiness and resilience in the relationship of EI and the perception of success. Figure 3 shows the paths between EI and subjective happiness ($\beta = 0.53$, $t = 7.01$, $p < 0.001$), in addition to the paths between EI and resilience ($\beta = 0.59$, $t = 5.33$, $p < 0.001$). Both paths were found to be significant (EI towards happiness and EI towards resilience). Figure 3 also presents the relationship between the mediating variables and the perception of success. Only the mediating variable happiness was significant ($\beta = 0.206$, $t = 2.226$, $p = 0.02$), thus fulfilling condition (2). However, the relationship between EI and the perception of success is

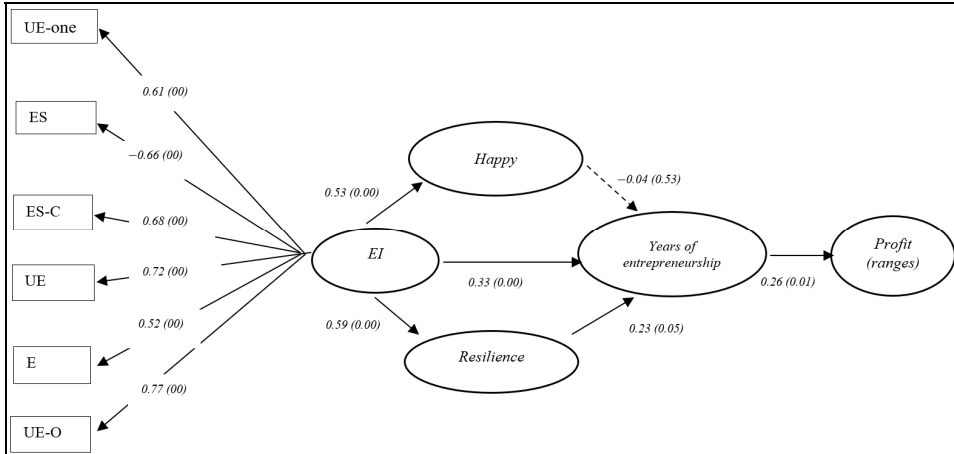
significant (H1) ($\beta = 0.355$, $t = 3.16$, $p = 0.002$) and condition (3) cannot be fulfilled. Finally, we can consider that the subjective happiness variable plays a partial mediating function (H2) in the relationship between EI and the perception of success, while resilience does not play a mediating role in said relationship.

Figure 3 Structural mediation model



Note: Standardised parameter estimates are shown, with p-values in parentheses.

Figure 4 Structural mediation model years of entrepreneurship and profit



Note: Standardised parameter estimates are shown, with p-values in parentheses.

H4 and H5 seek to verify the effect of EI on the years of entrepreneurship, in addition to verifying the mediating effect of resilience and subjective happiness in the relationship between EI and the success of the entrepreneur, measured as the years of entrepreneurship. Figure 4 shows the paths between EI and subjective happiness ($\beta = 0.53$, $t = 6.9$, $p < 0.001$), in addition to the paths between EI and resilience ($\beta = 0.59$, $t = 5.4$, $p < 0.001$). Both were found to be significant. Figure 4 also presents the relationship between the mediating variable of resilience ($\beta = 0.23$, $t = 1.91$, $p = 0.05$),

and the mediating variable subjective happiness ($\beta = -0.042$, $t = -0.62$, $p = 0.53$) with the variable years of entrepreneurship. Only resilience (H5) is significant and meets condition (2). The relationship between EI and years of entrepreneurship still remains significant (H4) ($\beta = 0.33$, $t = 3.06$, $p < 0.01$), where this condition (3) is not fulfilled. We can say that resilience plays a partial mediating role in the relationship between EI and the success of the entrepreneur, as measured by years of entrepreneurship.

Figures 3 and 4 consider the paths between entrepreneurs' perception of success (Figure 3) and the years of the venture (Figure 4) with the entrepreneurs' income, H3 and H6, respectively. The results show that, on the one hand, resilience is a partial mediator of the effect of EI in the years of entrepreneurship, and the latter affects income (measured in ranges) ($\beta = 0.26$, $t = 2.51$, $p = 0.012$) (H6). Subjective happiness also plays a mediating role between EI and perceived success, and this in turn affects income ($\beta = 0.22$, $t = 1.92$, $p = 0.05$) (H3). Both the effect of the years of entrepreneurship and the effect of perceived success in the income ranges are significant and positive. This means that more years of entrepreneurship increase the income (measured in ranges) and the fact that entrepreneurs consider themselves successful increases their income.

Finally, to ensure the adequacy of our applied statistical tests, we performed robustness tests and verified possible multi-collinearity in our findings. Our results indicate that the inflation factor with the highest variance (VIF) was 2.16, which is below the accepted threshold value of 5. In addition, we control for the covariance between happiness and resilience where their covariances were found to be significant.

4 Discussion and conclusions

The objective of the study was to establish the mediating effect of resilience and subjective happiness on the relationship between emotional intelligence and entrepreneurial success in a sample of small entrepreneurs belonging to the CDN of Biobio Province, Chile.

In the first instance, as a general finding, significant and positive relationships were found between EI and self-perception of success. This was previously confirmed by other works (Chen et al., 1998; Zhao et al., 2020) which showed that some dimensions of emotional intelligence have a positive and significant relationship with entrepreneurs' self-perceived success, since individuals with high emotional intelligence believe in their capabilities and perceive more and better opportunities for entrepreneurship, as they adapt better to the environment, work better under stressful conditions, and adapt better to changes (Mortan et al., 2014).

There is a positive and significant relationship of EI with the years of the business as well. There is little research in this area showing the effect of entrepreneurs' positive psychological variables, since most studies relate the age, motivation, training and experience of the small entrepreneur as antecedents for the duration of a business (Simon Moya et al., 2012).

The results indicate that both mediating variables (subjective happiness and resilience) show significant relationships with EI, and have a mediating role between EI and entrepreneurial success factors. Subjective happiness behaves as a mediator between EI and self-perceived success, and the latter variable shows significant correlations with income level. However, happiness does not show significant correlations between EI and

years of entrepreneurship. Lanciano et al. (2010) corroborate the relationship between happiness and EI, pointing out that people with higher EI levels have higher levels of positive emotions and happiness, process and assimilate negative emotions more adequately, and cope better with problems.

The positive relationships between happiness, self-perceived success and income had been supported by previous studies. There is still a lack of literature about these areas in the world of entrepreneurship, though. A few studies support the idea that happy entrepreneurs are more productive and contribute to the creation of new jobs (Sherman et al., 2016), while Deurkar et al. (2021) evidence the positive relationship between business environment and happiness as indicators of business profitability.

This idea of how happiness increases self-perception and income was described by Cropanzano and Wright (2001). Bardeen and Fergus (2020) demonstrated that happy workers are more receptive to opportunities, more helpful to their peers, and more self-confident. This idea is framed within the theory of 'emotion amplification and emotion building' where Fredrickson (2001) described that positive emotions amplify and build social skills and bonds, and that individuals with positive moods are more cooperative, more helpful and less aggressive, which improves productivity in the context of social or collaborative work.

Our research also supports the 'happy productive worker' hypothesis, whereby positive emotions and worker happiness lead to better job performance, higher earnings (Lucas et al., 2003; Lyubomirsky et al., 2005; Wright and Cropanzano, 2004) and overall long-term productivity (Zelenski et al., 2008). There is a counter argument that would show a weak relationship between happiness and income; however, there is very little literature on these variables and entrepreneurship, where Ravina-Ripoll et al. (2020) have described that the happiest entrepreneurs are not necessarily those with the highest income.

Resilience, on the other hand, functions as a significant mediator between emotional intelligence and years of entrepreneurship, and the latter variable shows significant and positive correlations with income level. Bullough et al. (2014) mentioned resilience as an important resource for entrepreneurs in the face of adverse situations, which could explain the survival of a business, since resilient entrepreneurs are more persistent and have better coping strategies in the face of adversity. Regarding this last idea, small businesses with more time in the market have been described as generating more revenue (Glancey, 1998) which would be given by more defined relationships with their customers, higher levels of legitimacy, and greater competitiveness (Simón-Moya et al., 2016).

In our research, resilience does not show significant relationships with self-perception of success. This differs from reports by several authors such as Luthans et al. (2007) and West et al. (2009) who describe that people with higher self-confidence and self-efficacy are more resilient. However, the latter study was not conducted on entrepreneurs, so the data we provide are new and need to be corroborated by future research.

In our research we determined the effect of EI and two mediating variables (subjective happiness and resilience) on three indicators of success (years in business, self-perceived success, and income). We also created a pathway to explain entrepreneurs' income level as the most important indicator of success. We found that income level can be influenced by two different pathways, one through EI, happiness, and self-perception of success and the other through EI, resilience, and years in business. Both pathways are

valid and take EI as the central element. In one path, happiness is the priority and in the other, resilience associated with business survival. It is important to mention that in recent years greater importance has been given to the psychology of entrepreneurship. However, there is still little research on how these variables affect companies' success, since these variables have been associated mostly with entrepreneurial intention. Elements of positive psychology such as EI, happiness, and resilience that are characteristics of entrepreneurs have little theoretical development in the small business setting as well.

This research also shows that the way governments and private institutions are training entrepreneurs needs to change. The current focus is on teaching management skills, marketing techniques and financial tools. Although these are very important, training in positive psychological competencies of the entrepreneur has been minimised. This research provides evidence that certain entrepreneurial psychological skills directly affect companies' profitability and permanence. It is also important to provide emotional support to entrepreneurs while developing their business, as there is a high probability that a business will end due to a lack of psychological skills.

Finally, we know that entrepreneurs are happier than salaried workers, so promoting entrepreneurship should not only be an economic goal, but also a social and well-being goal. With this in mind, we should recall two UN Sustainable Development Goals: the promotion of decent work, entrepreneurship and economic growth; and the pursuit of health and well-being.

Throughout the process of developing this research, certain limitations to the results present themselves. First, this is a cross-sectional study, since it measures the relationship of the variables at a given time. This limits the possibility of controlling the independent variables, so that the relationship established between the variables is called into question if the participation of other variables is considered. Another limitation is that we did not consider the type of company as an explanatory variable, since there may be differences in the type of product or service provided or in the type of market targeted. The sample was also composed of entrepreneurs who receive advice and training from a government institution. It could have been interesting to make a comparison with another group of entrepreneurs who do not receive support and training from any institution. As a methodological limitation, it is important to highlight that the way to measure subjective happiness can be fuzzy, since the theoretical discussion on this construct is broad and contradictory, and there is a wide variety of instruments to measure it. According to the findings of this study, the future guideline proposed is to continue with the line of research and evaluate other emotional and psychological variables that may influence the success of entrepreneurship, particularly positive psychology, to create a theoretical model that better explains the influence of entrepreneurs' psychology on business success. It is essential to be able to investigate other study variables, including whether the business originated out of opportunity or necessity, the number of employees, the crises that have occurred, entrepreneurs-personality traits, and more.

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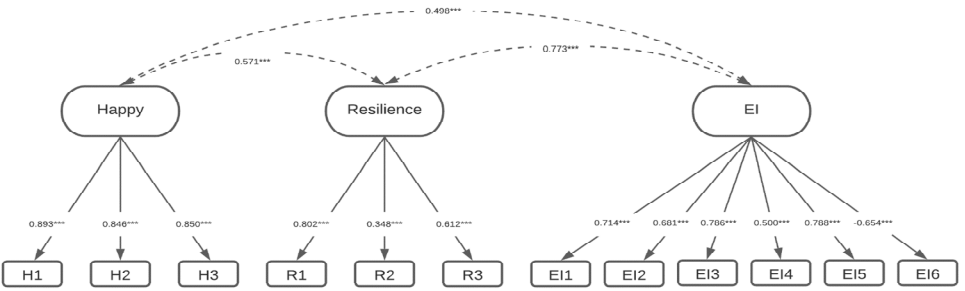
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Notes

- 1 We use the R lavaan package (Gana and Broc, 2019) to estimate the model parameters.
- 2 Profit are divided into five groups, or ‘ranges’. The first range corresponds from 0 to US\$2,500 with 39 cases, the second range corresponds from US\$25,000 to US\$8,750 with 40 cases, the third range corresponds from US\$8,750 to US\$1,500 with 25 cases, the fourth range corresponds from US\$1,500 to US\$4,000 with 15 cases, and the fifth rank corresponds to US\$4,000 or more with 33 cases.
- 3 The distribution of entrepreneurship years is: 23 cases had less than one year of entrepreneurship, 59 cases 1 year, 33 cases 2 years, 25 cases 3 years, 12 cases and four years.

Appendix

Figure A1 Factor loadings



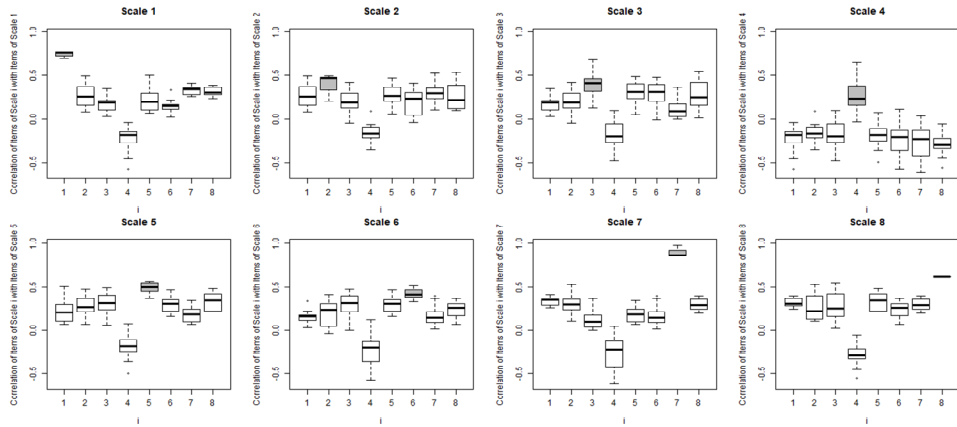
Note: Standardised parameter estimates are shown, ***significant at the 1% level.

Table A1 Summary for measures of convergent and discriminant validity

Scale	No. items	Conv. validity	Disc. validity	Homogeneity*	Reliability
Happy	3	0.82–0.86	0.78–0.83	0.74	0.89
Resilience	3	0.34–0.64	0.37–0.62	0.39	0.64
UE-one	6	0.74–0.8	0.43–0.7	0.41	0.81
ES	7	0.64–0.71	0.33–0.61	0.28	0.72
ES-C	4	0.72–0.74	0.57–0.63	0.49	0.79
UE	5	0.73–0.75	0.54–0.6	0.43	0.78
E	3	0.92–0.98	0.87–0.96	0.9	0.98
UE-O	2	0.59–0.78	0.63	0.62	0.75

Note: *average inter-item correlation.

Figure A2 Boxplots of the distributions of the Pearson's correlations between total score of subscale i and the items of subscale j



Notes: Scale 1: happy; scale 2: resilience; scale 3: UE-one; scale 4: ES; scale 5: ES-C; scale 6: UE; scale 7: E; scale 8: UE-O. Estimated using SEMTools in R-Studio package.

Source: Jorgensen et al. (2016)