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ENTREPRENEURSHIP AND CORPORATE SOCIAL RESPONSIBILITY RELATED TO FINANCIAL PERFORMANCE: EVIDENCE FROM ECUADORIAN COMPANIES

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Abstract

The current research focuses on the relationship between four major constructs: entrepreneurship, economics, environmental responsibility, social responsibility (corporate social responsibility, or CSR), and how all this impact financial performance. Seven hypotheses have been generated (H1) mainly related to entrepreneurship and the other variables (in a direct relationship model), and three hypotheses (H2) in an indirect relationship model, as regards financial performance. We worked with confirmatory compo-site analysis (CCA), in a structural equation model based on covariance, where a con-firmatory factor analysis (CFA) is first generated. The results show all the raised hypotheses to be valid except for hypothesis H1 (direct relationship), that was not significant, which clearly denotes that the entrepreneurs in the sample do not see as relevant that entrepreneurial actions directly reflect on an increase in financial performance.

Keywords - Entrepreneurship, Corporate social responsibility (CSR), Financial performance.

Introduction

Being an entrepreneur is the reflection of being an innovator par excellence, according to Schumpeter (1888-1950). Thus, organizations run by entrepreneurs may profit from a temporary situation of monopoly, seeing extraordinary gains. We can observe that “the long waves of the cycles of development in capitalism” could result from the union or combination of “innovations

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– that create a leading sector in the economy, or a new paradigm – that begins to drive the fast growth of that same economy" (BAUTZER, 2009).

Unlike Keynes and Smith, Schumpeter did not create any economic theory, nor did he start a new school. Entrepreneurship, considering Schumpeter´s theory of creative destruction, cannot fit the formal models, since we cannot predict the future because we cannot forecast the emergence of exceptional individuals. Still, the magnitude of Schumpeter´s achievement "outside" economics cannot be denied (SKIDELSKY, 2007).

In this sense, we see that Schumpeter places the entrepreneur as an object of function and characteristic of the technical progress that generates economic development and social progress. In itself, the process of technological change will come hand-in-hand with the process of innovation, and in this way new products are created and improved, generating the expected gains where innovation can be understood as "a process of learning and creation of knowledge through which new problems are defined and new knowledge is developed to solve them" (LAM, 2006, p. 124). The expected benefit (financial performance for our study) represents the remuneration for the risks taken by the entrepreneur for having been able to carry out innovation that can be used in the market.

Thus, we can argue that the analysis of "entrepreneurship" initially revolved around three approaches: economical, psychological, and institutional, but now we also observe it from the perspective of human and social development (PICO A.A *et al*., 2016).

The difference between an entrepreneur and the common individual (inventor) resides in his or her attitude. The entrepreneur is a person with the ability to create, materialize their ideas, produce goods and services, take risks, and solve problems. He or she is an individual who knows not only how to "look" at their surroundings, but also to "see" and discover the opportunities in hide behind them.

An entrepreneur counts on his or her own initiative and knows how to create the necessary structure to carry out his or her project; communicates and creates communication nets; possesses the skill of positive conviviality; and when necessary, knows how to surround himself of a group of people to work in tandem, to start a task without further hesitations, without letting fears cloud judgment.

In this context, the phenomenon of entrepreneurship can be defined, within its many possible meanings, as the development of: first, a project that pursues a specific economic, political, or social

objective, among others, and that has specific characteristics, mainly that it carries with it some uncertainty; and secondly, innovation, in the sense that the entrepreneurial activity is management of radical and discontinuous change, or strategic renewal, regardless of whether this strategic renewal occurs within or outside existing organizations, and regardless of whether this renewal leads to the creation of a new commercial entity (KUNDEL, 1991). Entrepreneurship is seeking opportunity beyond the resources already currently under our control (STEVENSON, 2000).

From an academic perspective, we can argue that the person who decides to undertake and engage his or her entrepreneurship facet does it many times without knowing that they are considering the triple bottom line perspective (ELKINGTON,1997), that is, considering actions that are economically viable, environmentally sustainable, and socially just. This happens because formal education and the media today have done a good job of disseminating the sustainable development goals (SDO) imposed by the UN as corrective actions and good practices in society. However, the basics of the entrepreneur, which is the generation of innovation to achieve the expected goals are not neglected (DIAZ-VILLAVICENCIO, 2016).

We can therefore observe the growing interest on matters related to entrepreneurship and corporate social responsibility (CSR) in response to organization data sharing (ODS) is indisputable, not only coming from the academy but also from society, since the idea of creating social value through business as the interface between social and economic systems, and the development of entrepreneurs and production processes has given way to social entrepreneurship (IBARRA BAIDÓN, 2019). Therefore, a company cannot dispense with the objectives of society because its long-term profit maximization can be affected (BOUR, 2012; BOWEN *et al*., 2013).

Thus, to fulfil their mission, companies have been applying a basic model based on four perspectives: economic, legal, ethical, and discretionary (philanthropic-altruistic) (LEE, 2008; CARROLL & BUCHHOLTZ, 2014). These perspectives allow them to positively impact their environment, and consequently improve their market positioning. Management is, in this case, left to business owners, an aspect that allows them to develop close relationships with the stakeholders in society (JENKINS, 2006; WILLIAMS & SCHAEFER, 2013), in addition to favouring the adoption of responsible CSR practices that contribute to the improvement of competitiveness and growth

of the companies through positive economic results, with a view to obtaining environmentally correct results (MOORE & MANRING, 2009; REVELL *ET AL*., 2010).

For this reason, direct relationship between CSR and financial performance of a company is determined by the work of entrepreneurs who seek to sensitize their customers to secure their preference, and be recognised as an environment-conscious company. Likewise, it should be considered that "financial issues are the main factor influencing the survival of an organization" (NEJATI & GHASEMI, 2012).

In this domain, the values and behaviours of the business owner (entrepreneur) are key for improving the financial stand of the company that applies CSR practices, since the development of personal networks that generate trust both within and outside the company become a driver for the improvement of financial performance (MURILLO & LOZANO, 2006).

Our work focuses on generating a conceptual summary and hypotheses generator on the subject of entrepreneurship and CSR seeking optimized financial performance. We will next present the sample and methodology, followed by data sampling, the findings, and lastly the discussion and final conclusion.

Conceptual framework and hypotheses development

For generating economic growth it is necessary for enterprises to show acceptable financial performance. This result is achieved with the implementation of innovation, proactive, and risk-taking strategies enacted by the entrepreneurs, as well as with the state support they receive (ACS & SZERB, 2007; ANDERSON *et al*., 2015).

Previous studies reveal the positive relationship between entrepreneurship and return on investment. It is argued that successful ventures are characterized by achieving a higher return on investment as a consequence of a high monetary return, a factor that increases the survival chances of such companies (DOBBS Y HAMILTON, 2007). Urbano *et al*. (2019) reveal that institutions could be related to economic growth through entrepreneurship, which would open up new research questions on which "institutional factors" lead to entrepreneurship and in turn stimulate economic growth.

Along the same lines, there is research that highlights entrepreneurship as the generator of innovation itself, productivity, competitiveness, and the growth of a country´s economy (AUDRETSCH,

2009; APARICIO *et al*., 2015; BJORNSKOV, 2016). Furthermore, some other research affirms that this is one of the areas of business administration that is currently being studied the most.

Entrepreneurship is considered part of the public policy of governments as a tool to combat poverty, unemployment, and inequality (APARICIO, et al., 2018; BRUTTON *et al*., 2013). It is characterized by the creation of small and medium-size companies, which allow for the evolution of current markets as much as for the development of new markets.

Also, entrepreneurship arises as a strategy of "innovative practices" that should constitute integral part of the daily operation of organizations, as they generate potential economic and social changes, maintaining high levels of profitability (DRUCKER, 1998; CHRISTENSEN, 1997). However, it is important to highlight that in the case of some Latin American countries, such as Brazil, Ecuador and Paraguay, achieving acceptable levels of profitability through innovative practices can only be found in medium and large companies, not being synonymous with favourable results in small and micro enterprises (DÍAZ-VILLAVICENCIO, *ET AL*. 2016, DIAZ-VILLAVICENCIO, 2020).

Chege & Wang (2020), in turn, evaluate the association between technological innovation, environmental sustainability, and its impact on the performance of small companies. They point out that technological innovation affects environmentally friendly business owners who in turn have a positive impact on the performance of the organization. Successful businesses that support community environmental projects and social welfare beyond their financial responsibilities can generate greater financial success.

The studies of Drucker (1954), Chandler (1962), Ansoff (1965), Learned *et al*. (1969) and Grant (1991) were based on the formulation and understanding of the concept of strategy and on the dissemination of the use of strategy as an organizational management tool. In the 1960s and 1970s, it was understood that the concept of strategy should provide managers (entrepreneurs) with a preview of the organizational goals to be pursued (PORTER, 1983).

Within a generic context, Mintzberg *et al.* (2000, p.105) associate strategy and innovative entrepreneurship when they state that "in the entrepreneurial criterion, the creation of strategies is dominated by the active search for new opportunities". In other words, strategy development responds to the organization´s need to seek innovation to be in tune with the new environment. Therefore, we

understand that organizations develop strategies to cope with market changes, and with them they hope to learn and adapt to the new realities, while remaining competitive (DIAZ-VILLAVICENCIO, 2020).

Along the same lines, entrepreneurship is often considered a key to economic development in distant and remote territories, but many times the conditions in those territories are not necessarily conducive to fostering entrepreneurship, or guarantee its survival (HUGGINS, PROKOP, & THOMPSON, 2017).

In response to this situation, social entrepreneurship is a set of activities and processes to discover, define, and explore opportunities with social impact by creating new companies, or managing organizations in a more innovative way (ZAHRA, GEDAJLOVIC, NEUBAUM, & SHULMAN, 2009), where the influence of the personal characteristics of the entrepreneur, evident on their management of innovation, are indisputable. According to (FERNÁNDEZ-SERRANO, MARTÍNEZ-ROMÁN, & ROMERO, 2019), these characteristics condition the decision that shapes the organization and management of the company directly, and also indirectly through their perception of the business environment.

In turn, creativity related to innovation comes from skills, especially a person´s (the entrepreneur) innate ones, where part of this ability can be natural, based on the genetic structure of an individual, partially inherited from their biology, but much of it is based on experience, training, and personal effort (LAM, 2006). In addition, the entrepreneurial (innovative) capacities of the business owner should not be ignored, but rather understood as a set of well-established characteristics that facilitate and support the innovation strategies of the company (BURGELMAN, MAIDIQUE, & WHEELWRIGHT, 2004).

In this line of reasoning, the influence of an entrepreneur on a company can be established on two levels: firstly, the resources the entrepreneur brings into the company, in terms of their skills, and secondly, their desire and motivation to take action (HUGGINS, PROKOP, & THOMPSON, 2017). Likewise, stakeholder's theory has reiterated that the commitment, experience and skills of managers are decisive elements to permeate the culture of social responsibility throughout the whole structure of an organization, in three substantial dimensions: social, economic, and environmental, what is known in the literature as corporate social responsibility (CSR) (CARROLL & SHABANA, 2010; CARROLL, 2016)

CSR is based on the notion that companies need to integrate social aspects in their core business strategy, with the ability to generate strong and effective relationships between the company and its

stakeholders (SETHI, 1975; PELOZA & SHANG, 2011). Companies should also have the competitive advantage of actively responding to the changing expectations of their customers, and include socially responsible aspects in their business practice, resulting from an internal conviction of their administration (KRIŽANOVÁ, MORAVČÍKOVÁ & KLIEŠTIKOVÁ, 2018).

In this regard, a relationship or link between companies, society, and interested parties is inevitably assumed. However, a large number of companies do not have a CSR strategy, they cannot determine the impact of its implementation on the relationship with their customers, and also do not know what is the CSR phase of a company (KRIŽANOVÁ, MORAVČÍKOVÁ & KLIEŠTIKOVÁ, 2018), a fact that is very visible in Latin American companies.

For all the above, assessing the topics related to entrepreneurship and CSR, to examine whether they have any degree of influence on the economic performance of the companies in the sample, is essential for the advancement of policy managers can adapt for a better performance of their organizations. The question to ask here is; are the different variables of entrepreneurship and CSR related to the financial performance of companies? To answer this question, we have examined seven hypotheses that adjust direct effect between constructs, and three hypotheses that evaluate an indirect effect. We will analyse the direct relationship of entrepreneurship with CSR and financial performance directly, and entrepreneurship with the three elements of CSR and financial performance indirectly.

Hypothesis 1 (direct relationship):

H1.a: Entrepreneurship is related to financial performance.

H1.b: Entrepreneurship is related to the elements of social responsibility.

H1.c: Entrepreneurship is related to the elements of economic responsibility.

H1.d: Entrepreneurship is related to the elements of environmental responsibility.

H1.e: The elements of social responsibility are related to financial performance.

H1.f: The elements of economic responsibility are related to financial performance.

H1.g: The elements of environmental responsibility are related to financial performance.

Hypothesis 2 (indirect relationship):

H2.a: The relationship between entrepreneurship and economic responsibility has an indirect effect on financial performance.

H2.b: The relationship between entrepreneurship and environmental responsibility has an indirect effect on financial performance.

H2.c: The relationship between entrepreneurship and social responsibility has an indirect effect on financial performance.

Methodology and Model

In this paper, the confirmatory composite analysis (CCA) will be used. In a structural equation model based on covariance, it is recommended to run the two-step analysis (ANDERSON; GERBING, 1988), first generating a confirmatory factor analysis (CFA), which is a model in which all latent variables (LV) are correlated with each other, to evaluate the measurement model, and another model that includes structural relationships (hypotheses).

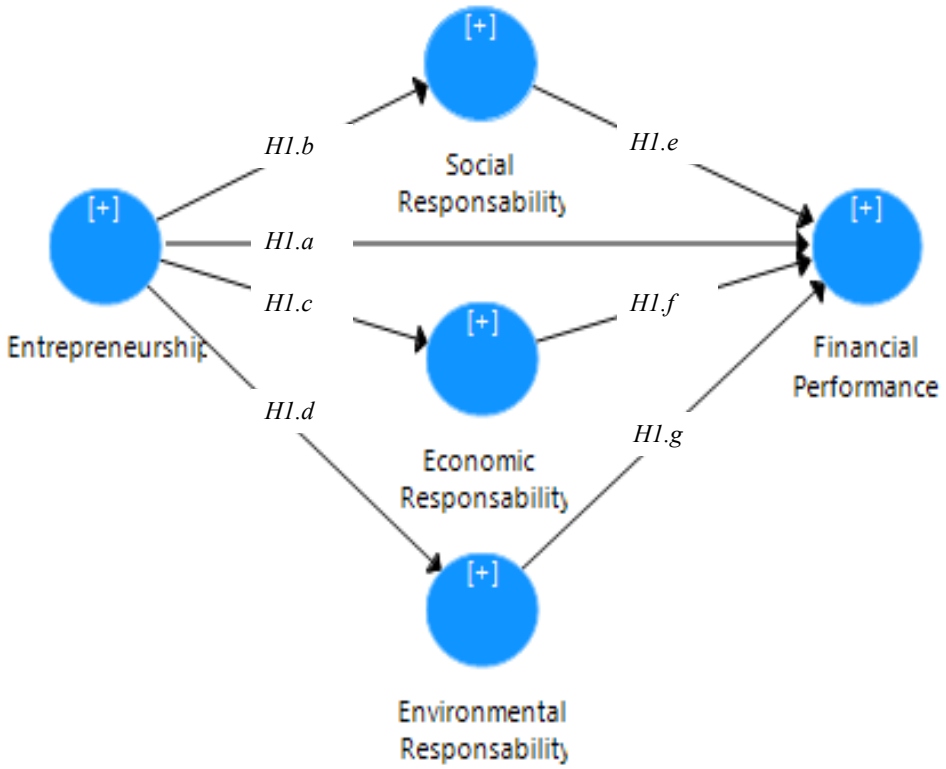
In the first case, the SPSS programme was used (also used for descriptive analysis), and in the second case, the SmartPLS3.0 programme. In this way, we can verify the hypotheses through partial least squares structural equation modelling (PLS-SEM), which is a non-parametric method that does not require the data meets a series of requirements related to its distribution. However, parametric significance tests (e.g., like those used in regression analysis) cannot be applied to test whether parameters such as external weight, eternal loads, and path coefficients are significant. Instead, PLS-SEM relies on a non-parametric bootstrap procedure (EFRON & TIBSHIRANI, 1993; DAVISON & HINKLEY, 1997) to test the significance of several results such as coefficients, Cronbach´s alpha, HTMT, and R^2 values.

In itself, our model will generate a bootstrapping process, which is a series of subsamples that are randomly drawn (with replacement) from the original data set. Each subsample is then used to estimate the model. This process is then repeated until a large number of random subsamples are generated, usually over 5,000.

The bootstrap subsample estimates are used to obtain the standard errors of the PLS-SEM results. With this information, the T-values, P-values, and the confidence intervals are then calculated to assess the significance of the PLS-SEM results. Hair *et al*. (2017) explain the bootstrapping procedure in more detail.

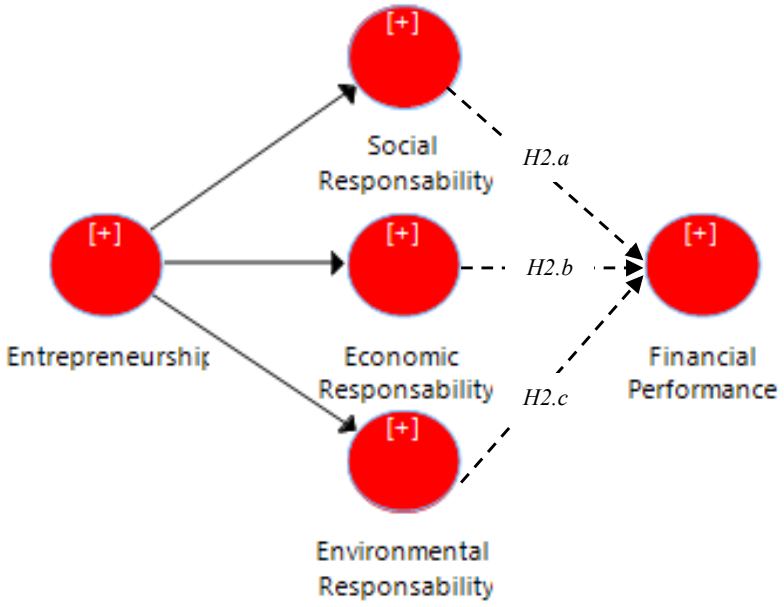
Theoretical model (direct and indirect relationship)

Figure 1. Direct relationship (H1)



Source: Development by the author himself

Figure 2. Indirect relationship (H2)

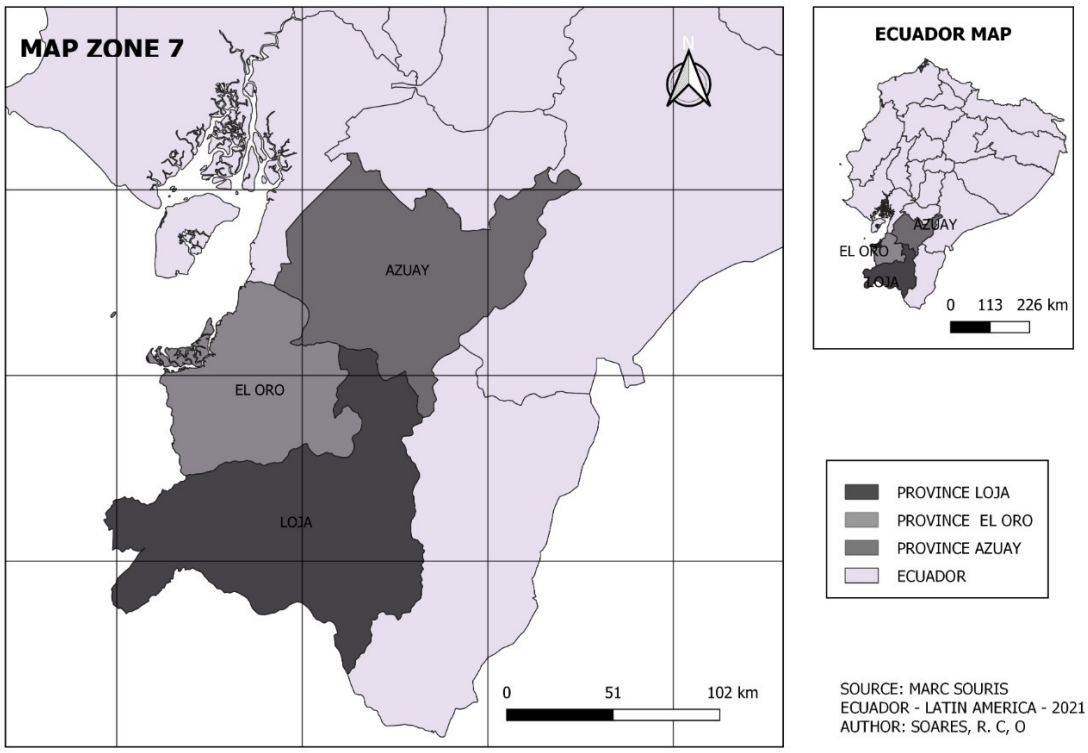


Source: Development by the author himself

Data sampling

To see the relationship of variables and to be able to verify the hypotheses, a structured questionnaire was used as a research tool, divided *a priori* into five (5) constructs, with fifty five (55) questions on entrepreneurship, fourteen (14) questions on social responsibility, seven (7) questions on economic responsibility, eight (8) questions on environmental responsibility, and eight (8) questions on financial performance. The value 1 expresses the least approximation and the value 7 the closest. Four hundred and thirty four (434) surveys were answered, of which four hundred (400) were selected (34 surveys were found to contain errors and unclear). The surveys were applied in Ecuador, specifically in zone 7 (South of the country, bordering Peru) made up of the provinces: Loja, Azuay and El Oro (see Fig.3). The questionnaire was applied from December 2019 to February 2020 (3 months) by a consulting company specialized in data collection. The managers and CEOs of the companies in the three (3) provinces were also interviewed. The Universidad Técnica Particular de Loja, through its Academic Vice-Rector´s office, financed the application of the questionnaire, and the validation of the information was revised by the authors.

Figure 3. Map of Ecuador – surveyed provinces



Source: Development by the author himself

Result

Descriptive analysis of the survey

The results were grouped by size of companies in relation to number of employees, thus three (3) categories emerge (Large, Medium and Small) – see Table 1. The highest concentration of workers is in medium-sized companies (66.0%), followed by larger companies, with 15.3% that have more than two hundred and fifty (250) workers, and then the small companies, with 18% of the sample. It is highlighted that within more than 81% of the surveyed organizations are concentrated in medium and large companies, which shows a high interest in these themes in the Ecuadorian business world (managers and CEOs).

Table 1. Company size and number of employees

Number of employees	Large (+250)	Medium (50-250)	Small (10-50)
Company size	61	264	75
Total %	15.3	66.0	18.8

Source: Development by the author himself

The results were divided in three (3) productive sectors. The primary sector is the one that encompasses activities focused on obtaining or extracting raw materials from natural resources. The secondary sector, in turn, is the one in charge of processing and transforming these raw materials into goods or products for consumption. It is the industrial sector, characterized by the use of machinery that encompasses factories, workshops, laboratories, and the construction industry. The tertiary sector encompasses all economic activities related to services, and in this sense does not produce material goods, but is responsible for delivering the products made by the second sector to the final consumer. In the tertiary sector, among other activities, are commerce, communications, and transport.

The percentage relationship between the labour sector and the size of the companies show that the highest percentage is concentrated in companies in the tertiary sector, with 69% of those interviewed (mainly transport and agribusiness trade). This happens because the three (3) geographical zones selected are mainly agricultural. Being so, the primary sector (extraction) reflects 28.5% of the sample, where the companies that produce coffee and derivatives, dairy products and derivatives, bananas and derivatives, within other agribusiness, along with insipient mining are. The areas do not have a strong industrialized infrastructure of manufactured products, rather, many artisan products are produced, which is demonstrated in the survey, with 2.5% of companies related to the transformation of raw materials. Zone 7 has strong trade with neighbouring Peru (as they are in the border), which would justify the high percentage of medium-sized companies in the tertiary sector (transport and agribusiness trade). See Table 2.

Table 2. Size and sector of the company

	Primary sector (Production)	Secondary sector (Retail)	Tertiary sector (Services)
Small	43	2	30
Medium	33	5	226
Large	38	3	20
	114	10	276
Total %	28.5	2.5	69.0

Source: Development by the author himself

Inferential analysis of the survey

Following the methodology proposed in point 3, we see the main component analysis gives us five (5) factors with a cumulative variance of 67.811%. With the first round of 46.353% within the 34 selected components. El KMO of the sample is 0.940, which is very positive for the model with a significance of .000%.

Table 3. Total variance explained (extraction method: principal components analysis).

Component	Initial Values Component			Extraction sums of squared loads			Rotating sums of squared loads		
	Total	% de variance	% accumulated	Total	% variance	% accumulated	Total	% variance	% accumulated
1	15.760	46.353	46.353	15.760	46.353	46.353	9.297	27.343	27.343
2	2.919	8.585	54.938	2.919	8.585	54.938	4.494	13.218	40.561
3	1.639	4.819	59.758	1.639	4.819	59.758	3.944	11.600	52.161
4	1.409	4.145	63.903	1.409	4.145	63.903	2.829	8.320	60.480
5	1.329	3.908	67.811	1.329	3.908	67.811	2.493	7.331	67.811
6	.995	2.925	70.736						
7	.908	2.670	73.407						
8	.834	2.452	75;858						
9	.743	2.186	78.044						
10	.645	1.898	79.943						
11	.614	1.807	81.749						
12	.578	1.700	83.449						
13	.505	1.486	84.935						
14	.471	1.384	86.320						
15	.419	1.233	87.552						
16	.396	1.166	88.718						
17	.371	1.090	89.809						
18	.346	1.018	90.826						
19	.319	.939	91.765						
20	.293	.862	92.627						
21	.265	.779	93.406						
22	.257	.755	94.161						
23	.246	.724	94.885						
24	.223	.657	95.543						
25	.206	.606	96.149						
26	.200	.589	96.738						
27	.186	.546	97.284						
28	.174	.510	97.794						
29	.158	.466	98.260						
30	.150	.441	98.701						
31	.141	.415	99.116						
32	.107	.316	99.432						
33	.102	.299	99;731						
34	.092	.269	100.000						

Source: Development by the author himself

Variable Measurement

Reflective variables were used in this study. The questions that made up all the constructs can be seen in Table 3. Reflective variables are characterized because all the indicators of a construct are highly correlated, they are interchangeable, and eliminating an indicator does not alter the content of the construct (JARVIS *ET AL*., 2003). For this test, considered measures are Cronbach's alpha coefficient (should be greater than 0.700), for which our values are in a range of 0.801 to 0.937. All our values are shown above these parameters, as recommended by Hair *et al*. (2006)

Table 4. Reliability and validity by construct

Entrepreneurships	Load Factor	Cronbach's alpha
I have new ideas	0.822	0.937
I like to be up-to-date with information	0.820	
I like to take risks	0.823	
I respect others in all circumstances	0.856	
When I have an idea, I´ll go for it	0.864	
I strive to put myself in someone else´s shoes	0.812	
I have many dreams to fulfil	0.793	
I try to achieve my goals	0.809	
My surroundings consider I have potential	0.828	
I know where to look for solutions and opportunities	0.855	
I know the capacity for sacrifice	0.850	
I like to work	0.808	
I have a healthy self-esteem	0.795	
Social Responsibility	Load Factor	Cronbach's alpha
We care about improving the quality of life of our employees	0.727	0.880
There is equal opportunity for all employees	0.652	
We consider the proposals of our employees in the management decisions of the company	0.642	
The salary of employees is related to their skills and returns obtained	0.632	
We value the contribution of disabled people to the business world	0.626	
We are in favour of hiring people at risk of social exclusion	0.603	

Economic Responsibility	Load Factor	Cronbach's alpha
We foster business relations with companies in the region	0.742	0.906
We strive to promote stable, collaborative, and mutually beneficial relationships with our suppliers	0.703	
We are aware of the importance of incorporating responsible purchasing (that is, we prefer responsible suppliers)	0.700	
Respect for consumer rights is a priority in our region	0.591	
We have effective complaint management procedures	0.591	
We offer customers complete and accurate information about our products and/or services	0.544	
We care about providing high quality products and/or services to our customers	0.462	
Environmental Responsibility	**Load Factor**	**Cronbach's alpha**
We are aware that companies must plan their investments to reduce the environmental impact they generate	0.712	0.801
We have positive predisposition to the use, purchase, or production of ecological artefacts	0.675	
We are in favour of reducing gas emissions, waste, and recycling materials	0.668	
We value the use of recyclable containers and packaging	0.631	
We participate in activities related to the protection and improvement of our natural environment	0.588	
Financial Performance	**Load Factor**	**Cronbach's alpha**
Satisfaction and retention of our best employees	0.773	0.854
Customer satisfaction and loyalty	0.756	
Corporate image and reputation	0.754	

Source: Development by the author himself

Discriminant validity of the theoretical model

In the discriminant analysis, we can see that all the variables under study are highly related, the lowest value being .807 and the highest .819, as recommended by Hair *et al*. (2006). The values of the diagonal are the square root of AVE, as they are greater than the correlations between the VL (values outside the diagonal). There is discriminant validity. See Table 5.

Table 5.

Discriminant validity	1	2	3	4	5	
Economic responsibility	0.819					
Entrepreneurship	0.662	0.817				
Environmental responsibility	0.604	0.576	0.778			
Financial performance	0.479	0.365	0.464	0.879		
Social responsibility	0.701	0.638	0.57	0.444	0.807	
Composite reliability	0.933	0.968	0.879	0.911	0.903	>0.7
Mean extracted variance (AVE)	0.67	0.668	0.605	0.773	0.651	>0.5

Source: Development by the author himself

Hypotheses test results

Results of the direct relationships model (H1)

Following the proposed methodology, we carried out the analysis of the variables, verifying the hypotheses through partial least squares structural equation modelling (PLS-SEM), which is a non-parametric method that does not require that the data meet a series of requirements related to its distribution. We used the statistical programme SmartPLS3.0, generating a bootstrapping process with a number of 5,000 random subsamples. We can see in Table 5 that H1.a has no significance with respect to the financial performance variable (P-values 0.517), which would mean an important finding for our study, since we have discovered that in the companies in the sample, there would be no direct and positive relationship between entrepreneurship and financial performance. Clearly being an entrepreneur does not guarantee good financial results.

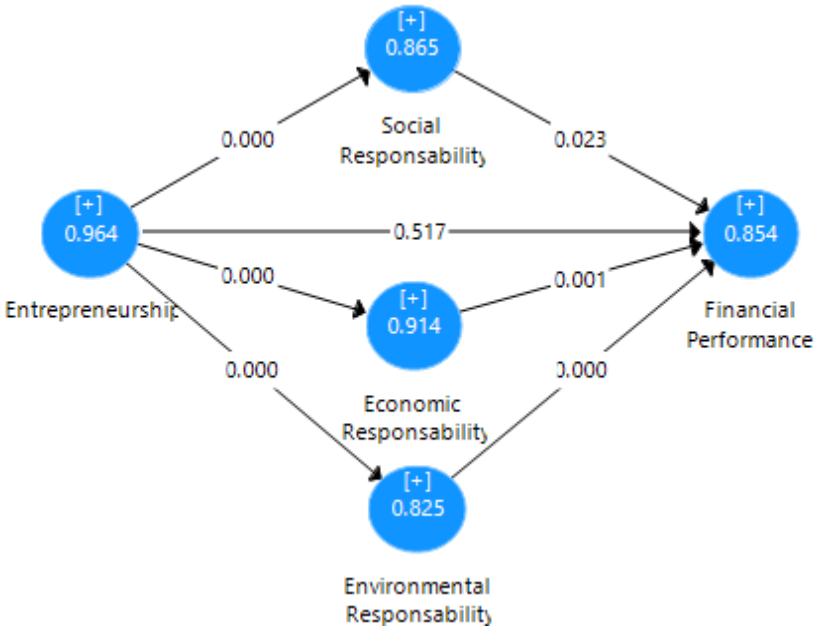
The other hypotheses are validated and the majority would be significant with P-values 0.000. Only the social responsibility variable related to financial performance has a P-value of 0.023 in figure 4.

Table 6. Results of the direct relationships model (H1)

Structural relationship	Hypotesis	VIF	f^2	Original Sample (O)	Standard Desviation (STDEV)	T Stadistics (| O/STDEV|)	P Values	R^2 Square Adjusted
Economic Responsability -> Financial Performance	H1.f(+)	2,48	0,03	0,25	0,07	3,39	0,001	0,281
Entrepreneurship -> Financial Performance	H1.a(-)	2,10	0,00	-0,04	0,07	0,63	0,517	
Environmental Responsability -> Financial Performance	H1.g(+)	1,78	0,05	0,25	0,07	3,44	0,000	
Social Responsability -> Financial Performance	H1.e(+)	2,28	0,02	0,15	0,07	2,29	0,023	
Entrepreneurship -> Economic Responsability	H1.c(+)	1,00	0,78	0,66	0,04	16,12	0,000	0,437
Entrepreneurship -> Environmental Responsability	H1.d(+)	1,00	0,50	0,58	0,05	11,06	0,000	0,33
Entrepreneurship -> Social Responsability	H1.b(+)	1,00	0,69	0,64	0,04	16,85	0,000	0,406

Source: Development by the author himself

Note 1: P-Values estimated for bootstrapping with 5,000 repetitions.
Figure 4. Result of the relationship between constructs



Source: Development by the author himself

Note: The constructs show Cronbach's Alpha (all > 0.82)

Results of the indirect relationships model (H2)

The suggested model proposes to analyse financial performance indirectly, i.e., passing the influence from one construct to another. In this way, we can observe that the three (3) hypotheses were significant. In this sense, de can we can point out that there is a total mediation between the variables, and this reinforces that we must promote entrepreneurship to achieve good financial results through having social responsibility practices. See Table 7.

Table 7. Results of the indirect relationships model (H2)

Efeitos indiretos específicos (detalhados)	Hypotesis	Original Sample (O)	Standard deviation (STDEV)	T Stadistics (|O/STDEV|)	P Values
Entrepreneurship -> Economic Responsability -> Financial Performance	H2.a (+)	0.163	0.051	3.208	0.001
Entrepreneurship -> Environmental Responsability -> Financial Performance	H2.b (+)	0.145	0.046	3.123	0.002
Entrepreneurship -> Social Responsability -> Financial Performance	H2.c (+)	0.098	0.046	2.159	0.025

Source: Development by the author himself

Discussion and conclusion

This paper analyses five (5) constructs related to entrepreneurship, economic, environmental, and social responsibility, and their relationship with financial performance. A bootstrapping analysis

has been carried out to validate the hypotheses, using partial least squares structural equation modelling (PLS-SEM) and two (2) models are presented: one direct, considering two variables at the same time, and one indirect, considering three variables at the same time.

The results show that, in general terms, the actions taken by the respondents regarding the practices are very important to obtain success, particularly when considering the final variables: satisfaction and retention of our best employees, customer satisfaction and loyalty, and corporate image and reputation as variables of financial performance.

Entrepreneurship variables like being well-informed, understanding risk-taking, respecting customers and everyone else, being perseverant with ideas, having empathy with people, having dreams, searching for solutions to attain goals, knowing that there are sacrifices to be made, and having a healthy self-esteem are values and practices that entrepreneurs pursue above all in this sample. Other authors have also reached similar conclusions (URBANO *et al* 2019; DIAZ-VILLAVICENCIO, 2020).

In general, corporate social responsibility plays a fundamental role in achieving good results in financial performance. As regards social responsibility, the interviewees value the quality of life of their employees, give equal opportunities to all, consider the opinion of employees, as they also consider that the salary of employees needs to relate to the skills and returns they obtain, and finally that above all, giving opportunities to people at risk of social exclusion are some of the characteristics that influence a good financial performance in this study.

Regarding economic responsibility, the interviewees emphasize the relevance of fostering commercial relationships with other companies in the region, promoting stable, collaborative and mutually beneficial relations with their suppliers, respecting consumer rights, having a mechanism for customer complaints, offering customers complete and accurate information on products and/or services, and above all providing high quality products and/or services for their customers.

Finally, as regards environmental responsibility, the entrepreneurs interviewed in the sample are aware that companies need to plan their investments considering reducing the environmental impact they generate. They also showed a predisposition to use, buy, or produce ecological artefacts, favour the reduction of gas emissions in the atmosphere and the reduction of waste, as much as they

favour recycling materials. The interviewees value the use of recyclable containers and packaging and they participate in activities connected with the protection and improvement of the surrounding natural environment. Valdez-Juárez (2019); Baron (2007) have reached similar conclusions.

All in all, we can conclude that the findings show that hypothesis H1.a (direct relationship) is not significant, which clearly denotes that the entrepreneurs in this sample do not see as relevant that entrepreneurial actions are the direct reflection of the increase in financial performance, contradicting in part Dobbs and Hamilton (2007) who argue that there would be at least seven (7) key-elements for the growth of a company, among which entrepreneurship factors.

On the other hand, Dobbs, M. and Hamilton, R.T. (2007) found results similar to our study, since we can point out that "the growth is not a continuous or temporal phenomenon". It is worth emphasizing that not all variables help a company to grow. Along the same lines, we can point out that the activity and economic growth is found in highly developed countries, which is not the case of those in our study. A negative effect was found for developing nations (VAN STEL *et al*., 2005; WENNEKERS *et al*., 2005; ACS and VARGA, 2005), which reflects that our analysis brings a positive contribution to the analysis of business growth.

In this study it becomes clear that entrepreneurship does have a strong role when combined with corporate social responsibility actions, in an indirect way, and such finding represents to entrepreneurship and corporate social responsibility studies, since companies, no matter their size or sector, can achieve positive results if they apply practices such as those validated on Table 3, as Hypotheses 2 (indirect model) show.

With these results, we cannot state that 100% of the variables analysed become a standard for further similar studies, but we can argue that for the entrepreneurs in this sample (in southern Ecuador) these variables show a very significant importance.

Limitations and future research

The main limitation of this research is related to the survey. All the participants in the study belong to different size companies (small and medium-sized companies [SMEs] and large companies in the three zones). Therefore, the results cannot be generalized to all companies in the area, since there are different means of production (primary, secondary and tertiary sectors). Therefore, it is

recommended to verify the results obtained in this study by conducting a longitudinal investigation.

It becomes evident from the literature that variables related to organizational learning and innovation can also influence entrepreneurial capacities. Hence, we recommend that for future studies these variables are also examined, and more variables from studies on financial performance should also be included. Finally, this study has financing Dean of Research and Graduate Studies UNILA / Edital PRPPG Nº137.

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