

Behind the Financial Success of Micro-Entrepreneurs: Evidence from Tunisia

Najla Wannès, Anis Jarboui

Management, Finance and Accounting, Higher Institute of Business Administration of Sfax, Tunisia

Airport Road, km 4 - 1013 Sfax, Tunisia

wannes.najla@yahoo.fr

anis.jarboui@isaas.usf.tn

Abstract— Financial success in micro-entrepreneurs is a key dimension of entrepreneurial success and depends on multiple forms of capital. While micro-entrepreneurs rely on human, social, financial, and psychological resources, the role of psychological capital remains underexplored in emerging economies such as Tunisia. This study examines how these resources influence the financial success of Tunisian micro-entrepreneurs.

Data were collected from 105 micro-entrepreneurs through structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that financial capital and strong ties have a positive and significant effect on financial performance. Among psychological capital dimensions, resilience and optimism are significant predictors, while self-efficacy has a negative effect and hope is not significant. Human capital, network size, weak ties, age, and gender do not show significant effects.

These findings highlight the importance of financial, social, and psychological resources in shaping financial performance and suggest that supporting micro-entrepreneurs should include strengthening both social networks and psychological capabilities.

Keywords— *Psychological Capital; Social Capital; Financial Capital; Human Capital; Financial Success; Micro-Entrepreneurs; Tunisia.*

I. INTRODUCTION

The success of entrepreneurial projects and its determinants have long been a subject of extensive academic debate. Given that entrepreneurship is a multidimensional field, scholars from various disciplines have emphasized the importance of entrepreneurial success, particularly in terms of wealth creation and job generation. Beyond its economic contribution, entrepreneurial success also plays a crucial role in broader social and economic development (e.g., [1]; [2]; [3]; [4]).

Consequently, identifying the determinants of entrepreneurial success has become a central concern for researchers, policymakers, and practitioners. Traditionally, business success has been measured through indicators such as productivity growth, profitability [5], and, in the context of micro-enterprises, average monthly income [6].

A substantial body of literature has focused on the relationship between different forms of capital—namely human capital, social capital, and financial capital—and entrepreneurial success (e.g., [6]; [7]; [8]; [9]). More recently, increasing attention has been paid to psychological capital, which has emerged as a key construct in entrepreneurship research. Psychological capital, encompassing self-efficacy, optimism, resilience, and hope ([10]; [11]), has been widely examined in recent studies (e.g., [12]; [13]; [14]).

Despite this growing interest, limited research has examined the combined effects of different forms of capital, particularly in emerging economies such as Tunisia. Moreover, micro-enterprises, although playing a significant socio-economic role, often face structural and informational constraints that may limit their performance.

To address these gaps, this study investigates the impact of human, social, financial, and psychological capital on the financial success of Tunisian micro-entrepreneurs. Although entrepreneurial success is a multidimensional construct, this research focuses specifically on its financial dimension.

Accordingly, the study seeks to answer the following research question: To what extent do human, social, financial, and psychological capital influence the financial success of Tunisian micro-entrepreneurs?

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Entrepreneurial success and its determinants remain a central topic in entrepreneurship research. It is widely considered a multidimensional construct encompassing both financial and non-financial outcomes. From a resource-based view, entrepreneurial success depends on the ability to mobilize and combine valuable and inimitable resources. In this context, human capital, social capital, financial capital, and psychological capital are key drivers of entrepreneurial performance.

Human Capital

Human capital has been widely recognized as a fundamental determinant of entrepreneurial success. Human capital theory emphasizes the role of education, skills, experience, and creativity in enhancing individual and firm performance [15]. In entrepreneurship, these resources improve opportunity recognition, decision-making, and managerial capabilities [16]. Prior research shows that entrepreneurs with higher human capital tend to achieve better performance, as education and experience enhance their ability to manage uncertainty and grow their businesses ([17]; [9]). Accordingly, human capital is expected to positively influence entrepreneurial success.

H1: Human capital has a positive effect on financial success.

Social Capital

Social capital refers to the resources embedded in entrepreneurs' social networks, including family, friends, and professional relationships ([18]; [19]). These networks provide access to information, financial support, and business opportunities, particularly in resource-constrained environments. Strong ties offer emotional and operational support, while weak ties facilitate access to new opportunities. Empirical studies confirm that social capital enhances entrepreneurial success through trust, network size, and relational resources ([20]; [21]). Therefore, social capital is expected to positively affect entrepreneurial success.

H2: Social capital has a positive effect on financial success.

Financial Capital

Financial capital represents the financial resources available to entrepreneurs for starting and developing their businesses [22]. It is particularly critical for micro-enterprises facing limited access to external financing. Although less studied than other forms of capital, financial capital significantly influences entrepreneurial outcomes by enabling investment, reducing constraints, and supporting growth strategies ([23]; [24]). Thus, financial capital is expected to positively affect entrepreneurial success.

H3: Financial capital has a positive effect on financial success.

Psychological Capital

Psychological capital is defined as a positive psychological state characterized by self-efficacy, optimism, hope, and resilience ([10]; [11]). It represents an internal resource that enables individuals to cope with uncertainty and constraints. Entrepreneurship involves high levels of risk, and psychological capital helps entrepreneurs maintain motivation, confidence, and persistence. Individuals with higher psychological capital are more likely to overcome challenges and persist in pursuing opportunities ([25]; [26]). Empirical evidence confirms its positive association with entrepreneurial performance ([27]; [28]; [4]). Therefore, psychological capital is expected to positively influence entrepreneurial success.

H4: Psychological capital has a positive effect on financial success.

III. DATA AND METHODOLOGIE

A. Sample Studied

The sample consists of 105 Tunisian micro-enterprises employing between 1 and 9 employees. These firms were selected due to the significant role of micro-enterprises in the Tunisian economy, particularly in employment creation and economic development.

A convenience sampling technique was used to collect data from micro-entrepreneurs operating across different sectors, ensuring a reasonable level of heterogeneity within the sample.

B. Variables Measurement

All constructs were measured using structured questionnaires based on previously validated scales. Financial success was operationalized as subjective financial performance and measured using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). The independent variables include human capital, social capital, financial capital, and psychological capital. Age and gender were included as control variables to account for potential demographic effects.

C. Structural Equation Model

We employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the determinants of entrepreneurial opportunity identification. PLS-SEM is particularly suitable for small samples and can accommodate both qualitative and quantitative latent constructs. Model validation was conducted in two steps: first, the measurement (outer) model was assessed for reliability and validity; second, the structural (inner) model evaluated the relationships among the latent variables.

IV. RESULTS AND DISCUSSION

Data analysis was conducted using XLSTAT 2014 with the Partial Least Squares Path Modeling (PLSPM) approach. The following section presents the main results of the measurement and structural models, including hypothesis testing.

A. Evaluation of Measurement Models

1) The reliability of manifest variables and the unidimensionality of constructs:

TABLE I: COMPOSITE RELIABILITY

Latent variable	Cronbach alpha	Rho DG	First VP	Second VP
Creativity	0.845	0.897	2.757	0.679
Self-efficacy	0.918	0.937	4.268	0.711
Hope	0.941	0.953	4.642	0.419
Resilience	0.925	0.942	4.386	0.634
Optimism	0.898	0.922	3.996	0.790
Financial performance	0.877	0.925	2.411	0.420

As reported in Table I, both Cronbach's alpha and composite reliability (Dillon-Goldstein's rho) exceed the recommended threshold of 0.7 for all constructs, indicating satisfactory internal consistency. In addition, the first eigenvalue of each latent variable is greater than 1, while the second eigenvalue remains below 1, confirming the unidimensionality of all constructs.

The factor loadings of all indicators exceed the recommended threshold of 0.6, with the highest values observed on their respective constructs, confirming the expected relationships between indicators and latent variables and supporting the adequacy of the measurement model.

2) Convergent and discriminant validity:

TABLE II: AVERAGE VARIANCE EXTRACTED (AVE)

Construct	AVE
Creativity	0.673
Self-efficacy	0.711
Hope	0.774
Resilience	0.728
Optimism	0.665
Financial Performance	0.803

The Average Variance Extracted (AVE) for creativity, self-efficacy, hope, resilience, optimism, and financial success exceeds the recommended threshold of 0.50, indicating satisfactory convergent validity and adequate convergence of the measurement items. In addition, the results indicate that the square root of each construct's AVE is greater than its squared correlations with other latent variables, confirming both convergent and discriminant validity according to the Fornell-Larcker criterion.

B. Evaluation of the Structural Model

To evaluate the structural model, we examine the R^2 values for each latent variable, followed by the path coefficients.

TABLE III: STRUCTURAL MODEL

	R^2	F	Pr > F	R^2 (Bootstrap)	Standard deviation	Critical ratio (CR)
Financial performance	0.478	5.436	0.000	0.576	0.075	6.336

TABLE IV: PATHS COEFFICIENTS

Dependent variable	Latent variable	Value	Standard deviation	t	Pr > t
Financial performance	Level of studies (education)	-0.032	0.094	-0.343	0.732
	Training	-0.115	0.089	-1.302	0.196
	Managerial experience	0.076	0.087	0.876	0.383
	Sectoral experience	-0.005	0.084	-0.059	0.953
	Creativity	0.022	0.083	0.267	0.790
	Network size	-0.103	0.088	-1.170	0.245
	Strong ties	0.203	0.086	2.361	0.020
	Weak ties	-0.012	0.082	-0.141	0.888
	Financial capital	0.177	0.085	2.080	0.040
	Self-efficacy	-0.262	0.147	-1.781	0.078
	Hope	0.229	0.148	1.545	0.126
	Resilience	0.236	0.124	1.899	0.061
	Optimism	0.381	0.134	2.833	0.006
	Age	0.123	0.082	1.506	0.136
Gender	0.030	0.089	0.342	0.733	

C. Interpretation of Result

The results indicate that human capital has no significant effect on financial performance, contradicting prior studies highlighting its positive role in entrepreneurial success ([29]; [24]) but aligning with recent evidence suggesting its limited impact in developing economies ([30]; [31]). This may be explained by the mismatch between entrepreneurs' education, experience, and business activities in the Tunisian context. Social capital, particularly strong ties, has a positive and significant effect on financial performance, confirming previous

findings ([24]; [32]; [21]) and emphasizing the importance of trust-based networks in improving entrepreneurial outcomes.

Financial capital also shows a significant positive effect on financial performance, consistent with prior studies ([24]; [23]), confirming its key role in micro-enterprise success.

Regarding psychological capital, resilience and optimism positively and significantly influence financial performance, which is consistent with prior research ([33]; [13]). However, self-efficacy has a negative effect, suggesting that excessive confidence may lead to suboptimal decision-making. Hope does not exhibit a significant effect, partially contradicting previous findings [34].

Finally, control variables (age and gender) have no significant effect on financial performance, in line with some studies but contradicting others.

V. CONCLUSION

Using a PLS-SEM approach, this study examined a conceptual model assessing the effects of human capital (education, entrepreneurial training, sector-specific and managerial experience, and creativity), social capital (network size and nature of ties), financial capital, and psychological capital (self-efficacy, resilience, optimism, and hope) on financial success.

The findings show that financial capital and social capital, particularly strong ties, significantly enhance financial performance. In addition, resilience and optimism positively influence financial outcomes. In contrast, human capital has no significant effect, suggesting that traditional indicators such as education and experience are not sufficient to ensure financial success in the Tunisian context. Moreover, self-efficacy shows a negative effect, while hope is not significant, highlighting the complex role of psychological capital.

Overall, the results emphasize the importance of combining tangible and intangible resources to understand entrepreneurial success in emerging economies. Practically, supporting micro-entrepreneurs should go beyond financial assistance to include the strengthening of social networks and psychological capabilities.

This study contributes to the literature by integrating human, social, financial, and psychological capital within a PLS-SEM framework, offering new insights into financial success in emerging economies. Future research may extend these findings using larger samples, longitudinal designs, and objective performance measures.

REFERENCES

- [1] I. M. Kirzner, "Entrepreneurial discovery and the competitive market process: An Austrian approach," *Journal of Economic Literature*, vol. 35, no. 1, pp. 60–85, 1997.
- [2] Frese, M. (2000). *Success and failure of microbusiness owners in Africa: A psychological approach*. Westport, Conn.: Quorum Books.
- [3] Autio, E. (2005). *Global Entrepreneurship Monitor 2005 Report on High-Expectation Entrepreneurship*. GEM: London.
- [4] A. Newman, M. Obschonka, S. Schwarz, M. Cohen, and I. Nielsen, "Entrepreneurial psychological capital: A meta-analysis and research agenda," *Journal of Business Venturing*, 2023.
- [5] Heunks, F.J. (1998). *Innovation, Creativity and Success*, *Small Business Economics*, 10, 263-272.
- [6] Honig, B. (1998). What determines success? Examining the human, financial, and social capital of Jamaican microentrepreneurs. *Journal of Business Venturing*, 13, 371-394.
- [7] Anderson, A.R., et Miller, C.J. (2003). "Class matters": Human and social capital in the entrepreneurial process. *The journal of socio-economics*, 32(1), 17-36.
- [8] Thornhill, S. (2006). Knowledge, innovation and firm performance in high-and low technology regimes, *Journal of Business Venturing*, 21, 687-703.
- [9] Unger, J. M., Keith, N., Hilling, C., Gielnik, M. M., et Frese, M. (2009). Deliberate practice among South African small business owners: Relationships with education, cognitive ability, knowledge, and success. *Journal of Occupational and Organizational Psychology*, 82(1), 21-44.
- [10] Luthans, Fred, Kyle W. Luthans, et Brett C. Luthans. (2004). Positive Psychological Capital: Beyond Human and Social Capital. *Business Horizons* 47 (1) : 45–50.
- [11] Luthans, F., Avolio, B.J., Avey, J.B. et Norman, S.M. (2007). Positive Psychological Capital: Measurement and Relationship with performance and satisfaction. *Personnel Psychology* 60 (3) : 541-572.

- [12] Juhdi, H., Hamid, R. A., Rizal, A. M., et Juhdi, N. (2015). Psychological Capital and Entrepreneurial Success: a Multiple-Mediated Relationship. *European Journal of Interdisciplinary Studies*, 1(2), 110-133.
- [13] Baluku, M. M., Kikooma, J. F., et Otto, K. (2018). Positive mindset and entrepreneurial outcomes: the magical contributions of psychological resources and autonomy. *Journal of Small Business & Entrepreneurship*, 30(6), 473-498.
- [14] Benghrich, M., Abdelbakri, N., et Bribich, S. (2020). Capital psychologique et performance économique des entreprises marocaines : quel rôle modérateur du profil de l'entrepreneur ? *Moroccan Journal of Entrepreneurship, Innovation and Management*, 5(1), 47-61.
- [15] Becker, G.S. (1993): *Human Capital: A Theoretical and Empirical Analysis With Special Reference To Education*. National Bureau of Economic Research, New York.
- [16] Hitt, M.A., Bierman, L., Shimizu, K., Kochhar, R. (2001). Direct and moderating effects of human capital on strategy and performance in professional service firms: a resource-based perspective. *Acad. Manag. J.* 44, 13–28
- [17] Sexton, D.L., et Upton, N.B. (1985). The entrepreneur: a capable executive and more. *Journal of Business Venturing*, 1, 129-140.
- [18] Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology*, 24(1), 1–24.
- [19] Lin, N., Vaughn, J. et Ensel, W. (1981). Social resources and occupational status attainment. *Social Forces*, 59, 1163-81.
- [20] Gronum, S., Verreyne, M. L., et Kastle, T. (2012). The role of networks in small and medium-sized enterprise innovation and firm performance. *Journal of Small Business Management*, 50(2), 257-282.
- [21] M. L. Rahe, A. J. Van Leuven, and T. Malone, "Leveraging social ties to financial gains: Exploring the impact of social capital in rural development," *Journal of Rural Studies*, vol. 114, p. 103539, 2025.
- [22] Fama, E. et Miller, M. (1972). *The theory of finance*, Holt, Rinehart & Winston, New York.
- [23] Cooper, A. C., Gimeno-Gascon, F. J., & Woo, C. Y. (1994). Initial human and financial capital as predictors of new venture performance. *Journal of Business Venturing*, 9(5), 371-395.
- [24] Yadav, M.P., Venkata, V.P.R.P, et Pradhan, R.S. (2018). Impact of financial, social and human capital on entrepreneurial success. *International Journal of Small Business and Entrepreneurship* 6(4), 1-28.
- [25] Lerner, J. (2009). *Boulevard of broken dreams*. Princeton University Press. New Jersey.
- [26] Newman, A., Schwarz, S. et Borgia, D. (2013). How does microfirm enhance entrepreneurial outcomes in emerging economies? The mediating mechanism of psychological and social capital. *International Small Business Journal* 32(2), 158-179.
- [27] Peterson, S.J., Luthans, F., Avolio, B.J., Walumbwa, F.O. et Zhang, Z. (2011). Psychological Capital and Employee Performance: A Latent Growth Modeling Approach. *Personnel Psychology* 64(2) ,427-450.
- [28] Baluku, Martin Mabunda, Julius Fred Kikooma, et Grace Milly Kibanja. (2016). Psychological Capital and The Startup Capital Entrepreneurial Success Relationship. *Journal of Small Business & Entrepreneurship* 28 (1), 27–54.
- [29] J. M. Unger, A. Rauch, M. Frese, and N. Rosenbusch, "The relationship between human capital and entrepreneurial success: A meta-analytical review," *Journal of Business Venturing*, vol. 26, no. 3, pp. 341–358, 2011.
- [30] Van der Sluis, J., Van Praag, C.M. et Vijverberg, W. (2008). Education and entrepreneurship selection and performance: a review of the empirical literature. *Journal of Economic Surveys* 22(5), 795–841.
- [31] Block, J.H., Hoogerheide, L. and Thurik, R. (2012) Are education and entrepreneurial income endogenous? A Bayesian analysis. *Entrepreneurship Research Journal* 2(3), 1–29.
- [32] A. S. Alshebami, "Surviving the storm: The vital role of entrepreneurs' network ties and recovering capabilities in supporting the intention to sustain micro and small enterprises," *Sustainability*, vol. 16, no. 19, p. 8474, 2024.
- [33] S. P. Digan, G. K. Sahi, S. Mantok, and P. C. Patel, "Women's perceived empowerment in entrepreneurial efforts: The role of bricolage and psychological capital," *Journal of Small Business Management*, vol. 57, no. 1, pp. 206–229, 2019.
- [34] N. H. Juhdi and N. Juhdi, "Entrepreneurial success from positive psychology view," in *Proceedings of the 4th International Conference on Business and Economic Research (ICBER)*, Bandung, Indonesia, Mar. 2013, pp. 4–5.