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Role of Emotional Intelligence in attainment of Entrepreneurial Competency

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Abstract: This paper shows the importance of Emotional Intelligence in the development of Entrepreneurial Competency. Indian government is putting lot of emphasis on the development of Entrepreneurs and Start ups. For the same lot of institutions are providing Entrepreneurial Education across the country. In a country like India, Entrepreneurs face a lot of problems starting from Capital built up to high competition. In such a scenario, the entrepreneurs need to have strong non cognitive traits that make them strong to face the challenges of the environment. For the same reason, this research has been done to analyse if the Emotional Intelligence helps the development of Entrepreneurial Competency. If yes, then Emotional Intelligence should be made a part of the curriculum of the Entrepreneurial Education. A questionnaire was developed taking a sample size of 70 MSME owners. Further with the help of responses from 300 MSME Owners conclusion is drawn to identify the relationship between Emotional Intelligence and Entrepreneurial Competency.

Keywords: Entrepreneurship, Entrepreneurial competencies, Emotional Intelligence, MSME

INTRODUCTION

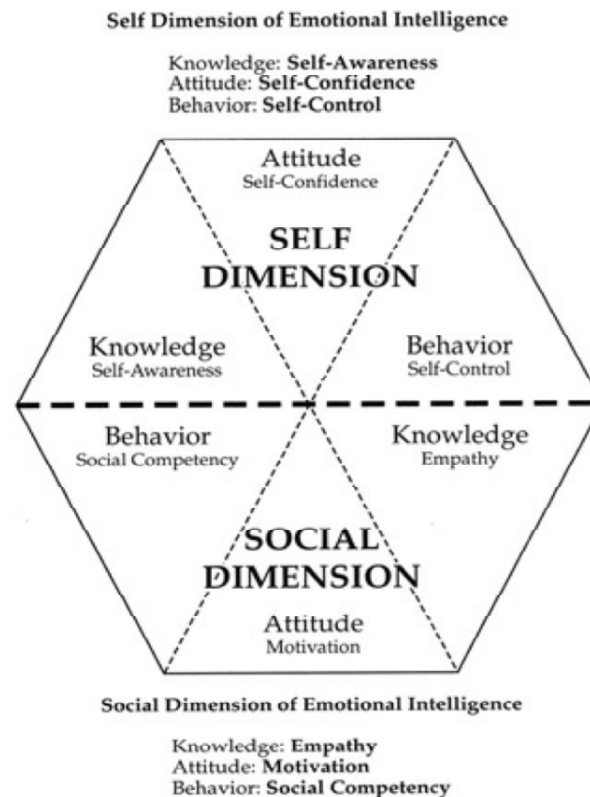
Entrepreneurship is the creation of new combinations (Schumpeter, 1934) and an entrepreneur's intentions to start a business and the decisions that occur before startup shape the subsequent goals, strategies, and structures of the new venture (Bird, 1988).

Like Managers have Managerial competency and they use it to run a successful organization. So do the Entrepreneurs need to have Entrepreneurial competency. We have taken this Competency model of Man T. W. Y, Lau T (2000) for our research work. The questions mentioned in their questionnaire to measure the Entrepreneurial Competency have been adopted for this research work according to the Indian MSME.

Emotional intelligence, now a days is being considered as an important factor for the success of an individual. The Emotional intelligence factors considered for the research as depicted in the model below.

<i>Competency Area</i>	<i>Behavioural Focus</i>
Strategic Competencies	Competencies related to setting, evaluating and implementing the strategies of the firm.
Commitment Competencies	Competencies that drive the entrepreneur to mvoe ahead with the business.
<i>Competency Area</i>	<i>Behavioural Focus</i>
Opportunity Competencies	Competencies related to recognising market opportunities through various means.
Relationship Competencies	Competencies related to person-to-person or individual-to-group-based interactions.
Conceptual Competencies	Competencies related to different conceptual abilities which are reflected in the behaviours of the entrepreneur.
Organising Competencies	Competencies related to the organisation of different internal and external human, physical, financial and technological resources.
Personal Competency	Competencies related to the building up of effective employee Relations
Learning Competency	Competencies related to learning from the changing environmental Conditions.

COMPETENCY AREA AND THERE BEHAVIOR FOCUS



K-A-B Model of Emotional Intelligence

NEED & SCOPE OF THE STUDY

In India MSME plays an important role in the Economy. But in India because of the tough competition, SMEs Owners need to be competent and emotionally stable to handle the stress and the change in emotions with the ups and downs of business and the business cycle. If emphasis is paid on developing effective entrepreneurs with the desired entrepreneurial competency, development and growth of the economy can be enhanced. But there has been a little focus on developing the entrepreneurs.

Such training programs should be developed that can help entrepreneur develop the competencies required for the development of a sustainable organization. There is a huge need for a lecturing update to be done to help students to become successful entrepreneurs (Ngwenya Tshepiso, *The business Review*, Cambridge, 2007).

This research would help in understanding how emotional intelligence is related to the existence of Entrepreneurial Competency of an entrepreneur. With the help of this research effective training module can be developed for developing entrepreneurial competency. Further research should be done taking other cognitive and non cognitive factors to check their effect on entrepreneurial competency.

REVIEW OF LITERATURE

Building on competency modeling techniques and emotional intelligence literature, Camuffo a, Gerli F, Gubitta P, (2012) explored link between personal characteristics and competencies of entrepreneurs and the performance of their firms. He too further suggested that lot of work needs to be done in order to enhance the entrepreneurial competencies of management students. For the same it becomes important to understand how these entrepreneurial competencies can be developed in an individual. Based on the same, B- schools can come up with effective entrepreneurial development training models.

According to Bergh *et al.* (2009) individual learning outcomes can be categorized into three broad dimensions shown in the table 1.

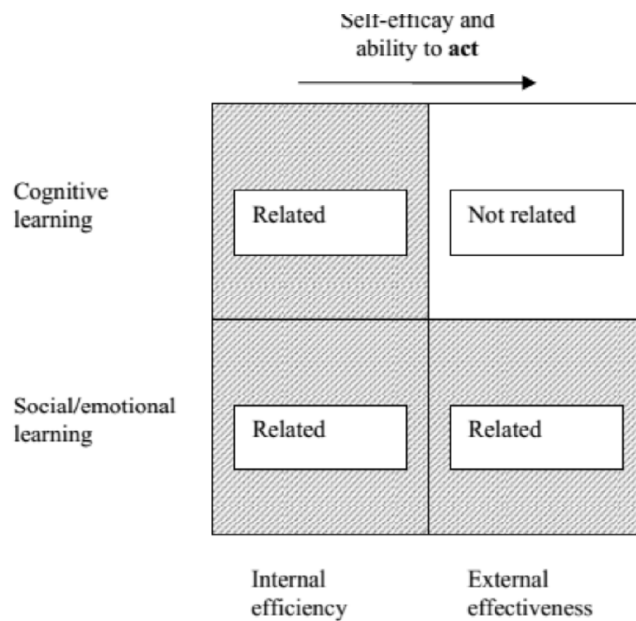
Table 1
Summarizing table of three Learning dimensions (Bergh et.al. 2009)

<i>Learning dimensions</i>	<i>Description</i>	<i>Examples of opportunity exploitation activities where this learning is particularly useful</i>
Cognitive learning dimension	Changes in the entrepreneur's thinking pattern.	<ul style="list-style-type: none">– Decision making– Alert to new opportunities– Information interpretation– Problem solving– Pattern matching
Emotional learning dimension	Changes in the entrepreneur's affective state	<ul style="list-style-type: none">– Idea development– Finding complex patterns– Organizational design– Market making– Employee mobilization
Social learning dimension	Changes in how the entrepreneur perceives the available social network	<ul style="list-style-type: none">– Information acquisition– Resource acquisition– Legitimacy building– Marketing– Production– Funding issues

Bergh Jacobson further stated that there is a relation between cognitive, social, emotional learning and internal efficiency. (shown in the diagram on the next page).

Finally, he suggested further research to be conducted to prove the degree of relatedness between these dimensions.

This can be further supported by a latest study done by Lau, T, Shaffer M, Chan K, Man T.W.Y (2012), They suggested:



“Although we validated the dimensionality of the Entrepreneurial Behavior Indicators, we did not develop entomological network of predictors, correlates and outcomes. This is something that we strongly encourage future researchers to do. In addition to correlating the EBI with other measures of entrepreneurial behaviors and traits, researchers should assess various predictors of these behaviors, such as personality and other individual difference variables. Possible outcomes such as individual and organizational performance should also be examined, preferably in the form of replications or comparative studies across cultures and contexts.

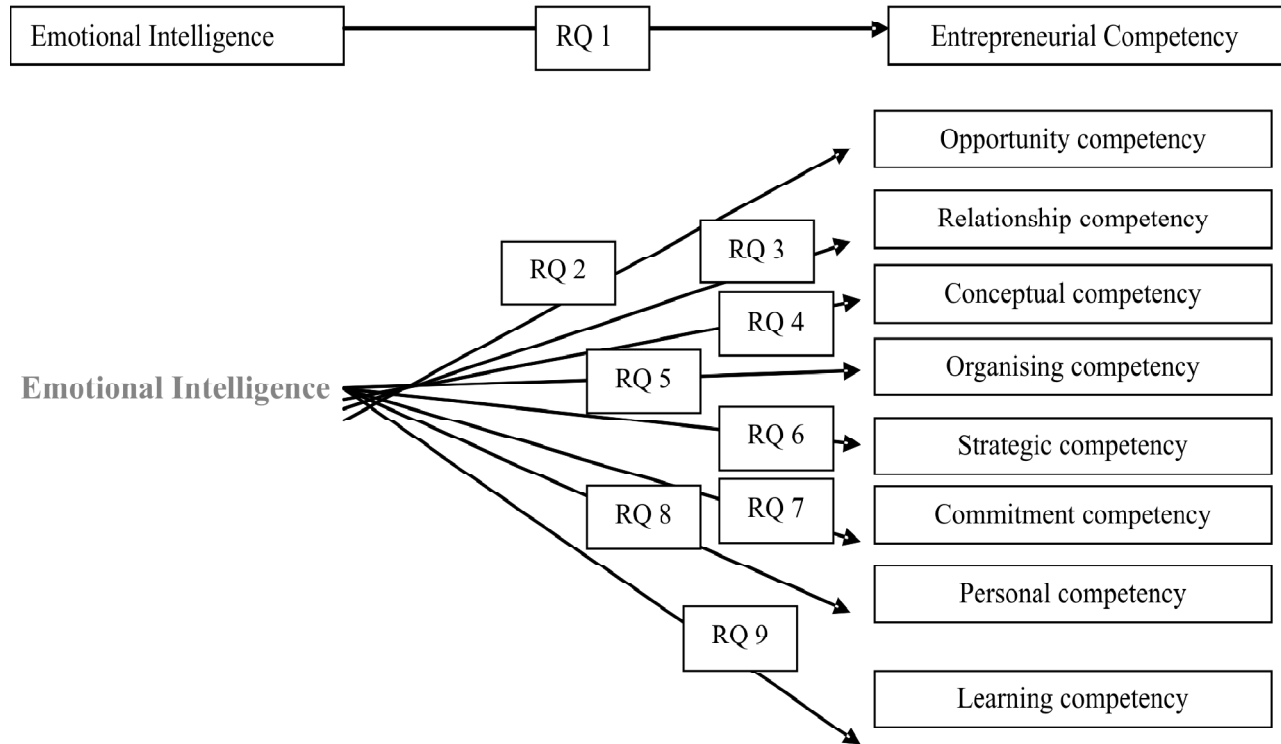
So we can conclude that it is also important to understand the path of development of these competencies.

RESEARCH GAP

There are many researches which have been done to analyse the development of entrepreneurial competency and the effect of entrepreneurial competency on the profitability of the organisation. But no detail study has been done analyzing the different parameters of emotional intelligence affecting the different entrepreneurial competency.

CONCEPTUAL FRAMEWORK

As this study aims to investigate the effects of emotional intelligence on entrepreneurial competencies, the conceptual model for this study consists of below mentioned variables:



RESEARCH MODEL by RESEARCHER

Research Objectives

To analyse the impact of Emotional Intelligence on the Entrepreneurial competency.

Research Questions

RQ1. What is the relationship, if any, between overall emotional intelligence and Entrepreneurial Competency?

H10 – There is no relationship between emotional intelligence and Entrepreneurial Competency.

H1a - There is a significant relationship between emotional intelligence and Entrepreneurial Competency.

Research Methodology

Type of research: Descriptive

Population/ universe: MSME in Delhi/NCR.

Sampling technique: Convenient sampling

Sample size: 300

Data collection instrument: Questionnaire

Analysis tool: Correlation, regression

Level of Significance: $\alpha = 5\%$

DATA ANALYSIS

Pilot Test: A pilot test was conducted using data of 70 respondents. Reliability and validity was checked. Further Confirmatory factor analysis was done to specify the number of factors required in the data and which measured variable is related to which latent variable.

Final Data Analysis: Correlation and Regression were applied using SPSS. Below tabulated values were achieved using the statistical tools. The values show that there is a correlation between Emotional intelligence and various components of Entrepreneurial Competency. The regression value of Emotional intelligence and overall Entrepreneurial Competency is high. Also the sub competencies – Strategic competency and Personal competency too are highly related with emotional intelligence. The other sub competencies are moderately related to Emotional Intelligence.

<i>Independent Variable</i>	<i>Dependent Variable</i>	<i>Correlation value</i>	<i>Regression value</i>
Emotional Intelligence	Entrepreneurial Competency	0.720	0.518
Emotional Intelligence	Opportunity Competency	0.532	0.283
Emotional Intelligence	Relationship Competency	0.587	0.345
Emotional Intelligence	Conceptual Competency	0.597	0.356
Emotional Intelligence	Organizing Competency	0.619	0.384
Emotional Intelligence	Strategic Competency	0.645	0.416
Emotional Intelligence	Learning Competency	0.612	0.375
Emotional Intelligence	Personal Competency	0.701	0.491
Emotional Intelligence	Commitment Competency	0.561	0.314

Thus the null hypothesis was rejected and the alternate hypothesis has been selected.

DISCUSSION

Competent entrepreneurs are the ones who set up specific, achievable goals through the able strategy that they built up. Through the study we have found out that their is high dependence of strategic competency on the emotional intelligence of an entrepreneur. Entrepreneurs are responsible for the financial feasibility of a strategy and controlling th strategic outcomes. For the same they have to be vigilant about the external environment and should be able to assess the threat and opportunities. Emotional intelligence of an entrepreneur help him in achieving the same. Playing the role of owner and manager, an entrepreneur must be good at managing his or her own time properly. Along with their devotion to their business they need to balance work with their families, leisure, time and health. For this they need to be high on their personal competency so that they can evaluate themselves thoroughly prior to quitting their original employment. Personal competency too has a great dependence on the Emotional Intelligence. Overall Entrepreneurial competency has dependence on Emotional Intelligence

CONCLUSION

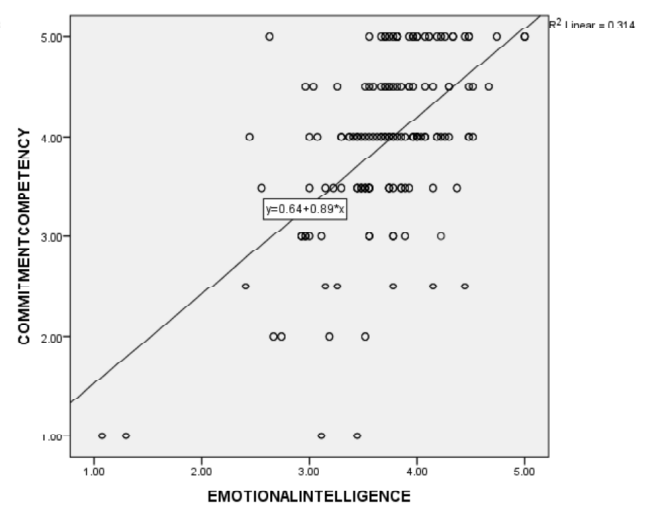
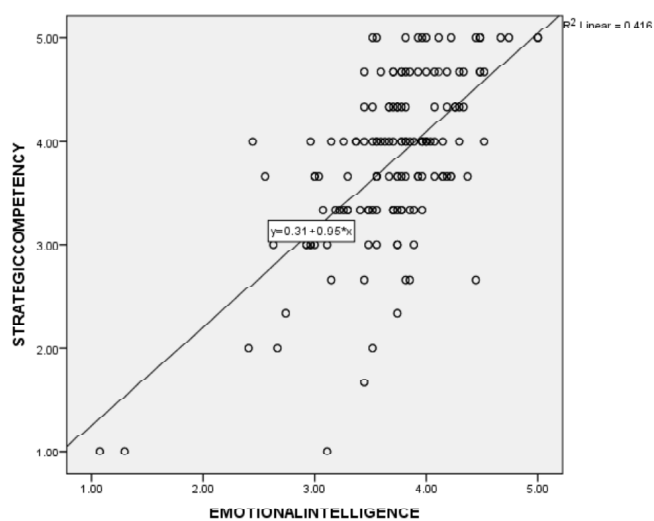
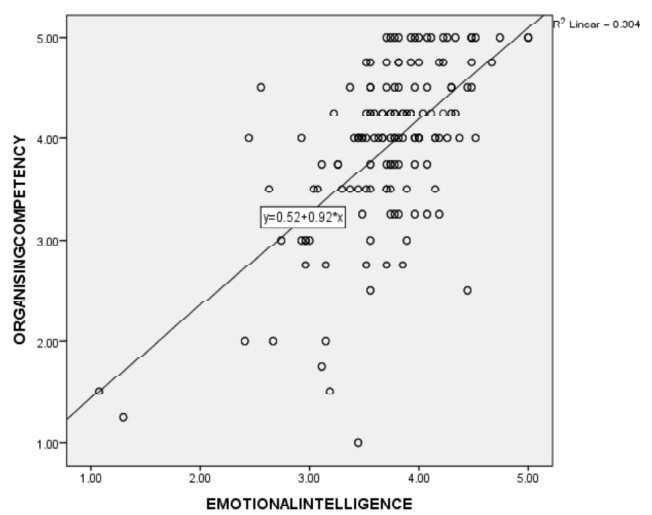
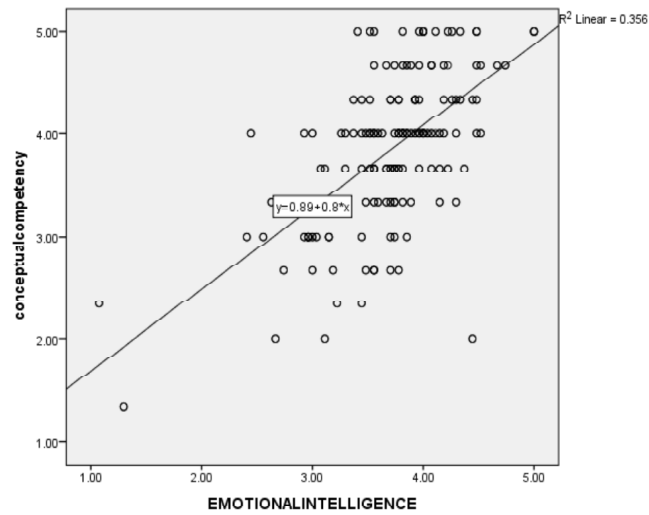
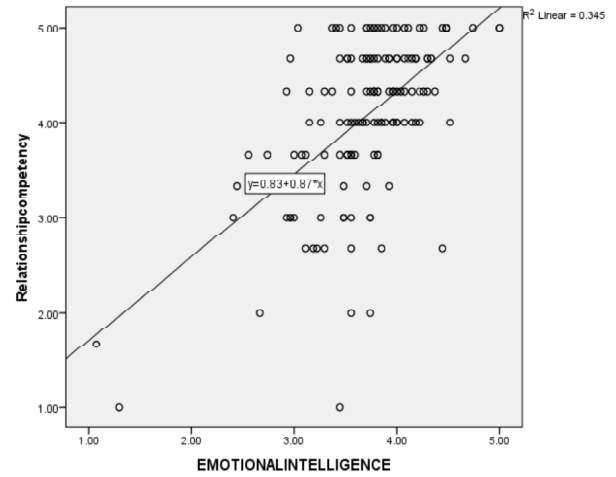
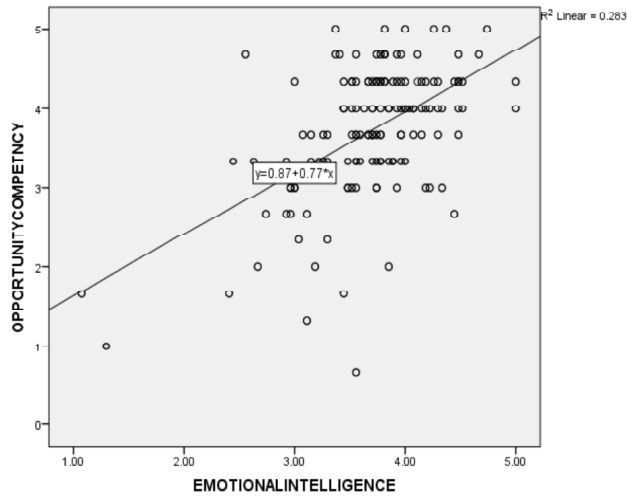
From the results we can make out the importance of Emotional Intelligence in the development of Entrepreneurial Competency. Entrepreneurs face a lot of problems starting from Capital built up to high

competition which is extremely challenging. The entrepreneurs thus need to be strong on Emotional Intelligence which further helps in enhancing their Entrepreneurial competency. It helps them to overcome the ups and downs that they face in their business cycle. Indian government is putting lot of emphasis on the development of Entrepreneurs and Start ups. For the same, many institutions are providing Entrepreneurial Education across the country. Emotional Intelligence should be made a part of the curriculum of the Entrepreneurial Education. It would help the entrepreneurs in sustaining their business. Further research should be conducted taking other cognitive and non cognitive factors like self efficacy family background, experience, education, personality of the entrepreneur and their effect on entrepreneurial competency.

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ANNEXURE



Role of Emotional Intelligence in attainment of Entrepreneurial Competency

