



INVESTIGATING THE SIGNIFICANCE OF EMOTIONAL INTELLIGENCE IN ENTREPRENEURIAL SKILLS: A REVIEW OF EMPIRICAL LITERATURE

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ABSTRACT

The concept of emotional intelligence has acquired the attention of the researchers for enhancing entrepreneurial success in the survival of the entrepreneurial ventures for quite sometimes, but researchers further explore why some entrepreneurial ventures are more successful in their business than others. Entrepreneurs are often challenged to deploy a set of skills to succeed in their entrepreneurial endeavors on daily basis and in this regard, emotional intelligence is embraced as the crucial factor contributing to entrepreneurial skills towards successful entrepreneurs. It is interesting to find that there are substantial empirical evidences which demonstrated the significance of emotional intelligence contributing to the essential skills of entrepreneurs. This paper investigates on the previous empirical studies conducted on the emotional intelligence and tries to throw light in its importance in the context of entrepreneurial skills that contribute to successful business.

Keywords: Emotional Intelligence, Entrepreneurs, Entrepreneurial Skills, Entrepreneurial success, Successful business.

INTRODUCTION

While the importance of emotional intelligence has been realized in the organizational development as it provides a new way to identify and evaluate management style, attitudes, interpersonal skills and behavior (Zintz, 2013), scholars claimed that Emotional Intelligence

(EI) is a missing factor in the entrepreneurship research and discussion (B. Cross and A. Travaglione, 2003). However, it has been confirmed that emotional intelligence contributes positively in the entrepreneurship performances (Cross & Travaglione, 2003; Zamptenakis et al., 2009). Thus, the concept of emotional intelligence has acquired the attention of the researchers for enhancing entrepreneurial success in the survival of the entrepreneurial ventures (Amy, 2010). And researchers further explore why some entrepreneurial ventures are more successful in their business than others. It has been found that the characteristics or skills of entrepreneurs which relate to emotional intelligence that effectively manage the human factor of the business played a critical role in the accomplishment and performance of a new business (Graham et al., 2002; Baron & Hannan, 2002).

1. OBJECTIVES OF THE STUDY

The objectives of the study are to investigate the significance of emotional intelligence in the entrepreneurial skills and how emotional intelligence acts as a crucial role for successful entrepreneurs.

2. RESEARCH METHODOLOGY

This paper is purely based on the secondary data collected from the findings of previous literatures.

3. ENTREPRENEURSHIP

Entrepreneurship has been defined as a field that seeks to create new opportunities and to launch new businesses (Baron and Henry, 2011). It focuses on the discovery and exploitation of something new that bring goods and services into existence for new ventures (Shepherd, 2004; Shane & Venkataraman, 2000; Venkataraman, 1997). And to succeed in the new business, Galloway (2005) and OECD (2014) have identified those essential skills that entrepreneurs need to have in managing the business successfully. They have identified innovativeness, problem-solving skills, communications skills, team working skills, decision-making skills, negotiation skills and leadership skills that are crucial for successful entrepreneurship.

4. EMOTIONAL INTELLIGENCE

Emotional Intelligence (EI) is defined as set individual social skills to control, differentiate, and manifest one's emotions and others' in order to control one's opinion and action (Mayer

and Salovey, 2000, Goleman, 2005). It is the ability to manage and monitor one's emotion. EI abilities are particularly crucial for entrepreneurs because of their roles to maintain social interactions with other individuals for negotiations, in the selection of employees, attracting and managing of customers, employees, suppliers, and partners (Foe et al., 2004; Fulmer & Bany, 2004). It has been demonstrated that emotional intelligence plays an important role in enhancing the potential success of entrepreneurial ventures (Amy, 2010) as positive emotions improve entrepreneurial creativity and opportunity recognition (Baron, 2008). Entrepreneurs who have higher emotional intelligence perform more successfully than those who do not (Baun & Locke, 2004).

5. THE SIGNIFICANCE OF EMOTIONAL INTELLIGENCE IN THE ENTREPRENEURIAL SKILLS

Researchers are now adopting the concept of emotional intelligence in the entrepreneurship due to its numerous significant relevant in the entrepreneurial performances. The following sections address the important roles of emotional intelligence in various contexts of entrepreneurial skills from the previous empirical findings.

5.1 Emotional Intelligence and Innovativeness

Innovation is the key to entrepreneurship and innovation is the competitive advantage that distinguishes the entrepreneur from others. This innovative action is important for creating opportunities for enterprises. Past studies suggested that EI has a positive effect on creativity and it is considered as one of the most important core competencies for entrepreneurs (Zhou and J. M. George, 2003; L. A. Zampetakis et al. 2009). It has found that emotional intelligence showed higher innovative performances (F. Gerli and S. Bonesso, 2011). Suliman and Al-Shaikh (2007) in their study in Middle East found that emotional intelligence acts as a strong function in promoting creativity and innovativeness in the organization. Another recent study was carried out on 51 young entrepreneurs in Malaysia and the results indicated that positive emotional intelligence increase innovativeness that leads to entrepreneurial success (Nghah, R., & Salleh, Z., 2015).

5.2 Emotional Intelligence and Leadership skills

Entrepreneurs should not only lead themselves through self-motivation but they should also be skilled at leading others. Leadership is considered as one of the core competencies of entrepreneurs and is a critical factor in long term success and a solution for "failing" organizations (Currie et al. 2008). The entrepreneurs' leadership within the organization must be effective if their organizations are to survive. The transformational leadership has been

identified as the most important leadership styles in the organizations (Bass, 1990). Evidence from studies conducted by Wong & Law (2002) revealed that EI plays an important role in leadership performance. George (2000) argued that leaders with greater emotional intelligence are better able to appraise and influence the emotions of their followers. Previous research explored the link between EI and transformational leadership and has shown that leaders possessing high scores on EI contribute to transformational leadership and demonstrated superior performance (Mandell & Pherwani, 2003).

5.3 Emotional Intelligence and Communication skills

Communication skills and entrepreneurship cannot be separated as communication skill is generally the foundation upon which entrepreneurs built their business (Nwaogwugwu & Okoye, 2009). Communication ability is an important aspect of entrepreneurs in business and it is a process that connects the entrepreneurs and their customers to work effectively (Amesi, 2011). Entrepreneurs entirely require communication to exchange thoughts, feeling and opinions while running a venture. Therefore, communication is one of the most vital areas for entrepreneurship. Research has demonstrated the relationship between EI and effective communication in a team (Jordan et al., 2002). Gürşimşek et al. (2008) found a significant positive link between emotional intelligence and communication in the study of 200 teacher candidates. According to the study of Kuzu & Eker (2010), their results showed that there is positive significant relationship between the emotional intelligence and communication skills.

5.4 Emotional Intelligence and Negotiations skills

Negotiation is also a vital aspect of entrepreneurs' daily business and has direct impact in the companies' profits. The ability of entrepreneurs' negotiations adapting to uncertainty and fast changing environments contributes to success of the business (Aldrich, H. 1999). Researchers suggested that emotional intelligence plays an important role in the process of negotiation as it has the ability to influence information acquisition, decision-making soundness, and strategic management of one's own and other's emotions (Fulmer & Barry, 2004). It has been found that negotiators with high EI are able to use emotion management to reach their goals in the negotiation process (Thompson, Nadler & Kim, 1999). Empirical evidence to support the claims on the role of emotional intelligence in the negotiation process have been provided by Foo, Elfenbein, Tan, and Aik (2004), who found that individuals with greater emotional intelligence have more positive negotiation experience.

5.5 Emotional Intelligence and Team work skills

Successful entrepreneurs influence teamwork to get the heavy lifting done without breaking stride. The relationship in the team members determines and ensures the performances of a

firm. It is important for entrepreneurs to build a good team in the business. Gimmon (2008) stated that entrepreneurial teams build more successful business. Teams have considerable impact on the success and performances of businesses and through team work, they create more motivation for attaining business objectives and thus lead to success of organizations (Pearsall & Ellis, 2006). Researchers suggest that emotional intelligence is indeed related to the social skills that are imperative for teamwork (Bar-On, 1997). In a study by Jordan, Ashkanasy, Hartel and Hooper (2002) results indicated that the low emotional intelligence groups performed at a lower level initially, but over time they increased their performance to the level of the teams with high emotional intelligence. Empirical research has demonstrated that emotional intelligence is a positive predictor of team effectiveness (George, 2002).

5.6 Emotional Intelligence and Problem Solving skills & Decision-making skills

The decisions of the entrepreneurs play a crucial part in managing their ventures on a daily basis as it has direct impacts on the success or failure of an enterprise. Also entrepreneurs face different problems while running an enterprise and thus problem solving skills are considered as one of the key competencies for entrepreneurs (Schiebel, 2002). Researchers suggest that emotional intelligence is linked to the ability of problem solving and decision making skills. In a study conducted by Schutte, Scheuettpelez, and Malouff (2000) and Fulmer & Barry (2004), the authors compared individuals with different level of EI and found out that those individuals with higher level of emotional intelligence were higher in the ability to problem solving and decision making compared to low EI individuals.

5.7 Emotional Intelligence and Social Relationships skills

It is important that potential entrepreneurs look for associations on the foundation of common interest or experience in establishing and running a business and need to maintain quality collaborative relationships to be more socially competent. There is evidence that proved that the aspects of social intelligence are critical to entrepreneurial success (Baron, 2000). Previous researchers have also provided evidences that individuals with greater emotional intelligence have been referred to as being more socially competent and interpersonally sensitive (Brackett, Warner & Bosco, 2005; Brackett, Rivers & Salovey, 2011). Moreover, the process of developing, sustaining, and maintaining of quality collaborative relationships is associated with emotional intelligence abilities (Matthews et al., 2006).

5.8. Emotion Intelligence and Entrepreneurial Performances

Entrepreneurs who displayed high Emotional Intelligence (EI) tend to be more successful (Baun & Locke, 2004) and it has been suggested that emotional intelligence has impact on the success of entrepreneurs (Karimi P et al., 2012). It has also been empirically indicated

that there is a positive impact of emotional intelligence on the expansion of entrepreneurship as well (Nuzhath khatoon, 2013). In another empirical study conducted by Oriarewo et al., (2014), they found that emotional intelligence is related entrepreneurial performances.

CONCLUSION

This is owing to the fact that emotional intelligence is crucial for entrepreneurial skills and it is important to use it effectively to provide the maximum benefits to the entrepreneurs leading to successful businesses. Entrepreneurs are often challenged to deploy a set of skills to succeed in their entrepreneurial endeavors on daily basis and previous empirical evidences have demonstrated that emotional intelligence acts as an important role in the entrepreneurial skills to overcome the challenges.

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