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# Components of Emotional Intelligence in Iranian Entrepreneurs

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***Abstract*—**Entrepreneurs face different sort of difficulties especially with customers, organizations and employees. Emotional intelligence which is the ability to understand and control the emotions is an important factor to help entrepreneurs end up challenges to the result they prefer. So it is assumed that entrepreneurs especially those who have passed the first challenging years of starting a new business, have high emotional intelligence. In this study the Iranian established entrepreneurs have been surveyed. According to Iran Gem 2014 report the percentage of established entrepreneur in Iran is 10.92%. So by using Cochran sample formula (1%) 96 Iranian established entrepreneurs have been selected and Emotional intelligence appraisal questionnaire distributed to them. The SPSS19 result shows high emotional intelligence in Iranian established entrepreneurs.

***Keywords*—**Emotional intelligence, Emotional intelligence appraisal questionnaire, Entrepreneurs, Iran.

## I. Introduction

EMOTIONAL intelligence is one`s ability to understand manage and control his and others emotion to end up the result he prefers most. Entrepreneurs face different sort of difficulties in stages of their business. Having high emotional intelligence helps them manage the situation and get better result.

In 1983, Howard Gardner introduced other types of intelligence because he believed intelligence quotient *(IQ*) fails to fully explain one`s ability in facing problems [1]. Wayne Payne (1985) first used the term "emotional intelligence" [2]. From that time it became the subject of so many researches in psychology and management.

Emotional intelligence is the ability to comprehend, describe, receive and control emotions. It is the way of reacting to life's small and big incidences. In a way that it is expected that people with low emotional intelligence have less compatibility capacity facing tensions in life and more exposed to depression and hopelessness while people who has high emotional intelligence respond more compatibly to life's negative incidences. Besides, principally people who have high emotional intelligence organize and stabilize their lives, in a way that experience less negative incidences during their lifespan [3].

Regulating stress is one of the best examples which links entrepreneurship and entrepreneurial intentions. Individuals high in emotional self-efficacy are likely to persevere when problems arise and search for challenges and therefore challenging opportunities; they may also show a higher degree of personal initiative and actively search for information [4].

In terms of predicting individualistic entrepreneurial behavior in the organization's environment, emotional intelligence has a key advantage over ability criterion. As yet, little attempts have been made to determine whether the emotional intelligence plays a role in entrepreneurial process or not. The findings of recent researches show that the managers' emotions who are perceived by their employees will affect the staff's tendency to act entrepreneurially [3].

Most of the researches show the positive relation between having a high emotional intelligence and well proceeds in entrepreneurial activities. Salovey and Mayer (1990) first introduced emotional intelligence as a type of social intelligence, separable from general intelligence. Emotional intelligence is the ability to monitor one's own and others' emotions, to discriminate among them, and use the information to guide one's thinking and actions [5]. Bar-on first used emotional quotient (*EQ*) in his emotional intelligence model to refer to that meaning [6]. Turner (2004) stated that Traditional *IQ* is the ability to learn, understand, and reason. It is now thought to contribute only 20% to one's success, whereas emotional quotient (*EQ*), which is the ability to understand oneself and interact with people, contributes 80%. *EQ* is critical to effective leadership while *IQ* has been linked to job performance and is a key element in recruitment. However, *EQ* is evident in the leaders' or managers' ability to retain their positions and be successful in their roles [5]. Bardzill and Slaski (2003) found that organizational leaders must recognize the importance of emotionally intelligent behavior and reward it actively [5]. Mir (2005) has declared some information in this regard and has shown experimentally that a manager's ability to control feelings and thoughts will have positive effects on the entrepreneurial behavior created in the organization's context [3]. Aqayar and Sharifi (2007) argue that emotional intelligence is about the ability to understand the effective use of power, intelligence and emotion as a source of energy, information, confidence, creativity and effectiveness [7]. Ahemtoglu et al. (2011) concluded that individual differences in terms of emotional intelligence will lead to the difference in entrepreneurial behavior [3]. Vakola, Tsaousis, and Nikolaou (2004) presented that emotional intelligence contributes to a better understanding of the changing policies in organizations [5]. Bradbry & Graves (2005), believed those who have higher emotional intelligence employ more compatible with their surroundings, Show high confidence and More aware of their abilities [8]. Hayashi (2005) concluded that the higher emotional intelligence, the greater performance of managers and their organizational

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commitment, and emotional intelligence is a predictor of organizational commitment [8].

Several studies have also concluded that emotional intelligence is particularly important in apprehending and managing stress [7]. Jung, Pai, Choi & Lee (2011) also examined how being happy at work can facilitate creativity at work. This consequently may encourage proactivity at work through positive emotion and thinking [7]. Based on Bar-on (2006) foundation persons with higher emotional intelligence are more successful than those with lower lever of that [6].

## II. Emotional Intelligence and Entrepreneurship

There are some models of emotional intelligence which conceptualize the meaning from different aspects. Kamboj (2014) has identified three main models of emotional intelligence [6]:

1. Ability model of emotional intelligence proposed by Mayer and Salovey. In this model emotional intelligence is categorized in two branches:
2. Experimental perception which has two branches: emotional perception and emotional assimilation.
3. Strategic perception which has two branches: emotional understanding and emotional management.
4. Fixed model of emotional intelligence proposed by Bar-On. In this model emotional intelligence has five components: Interpersonal, Interpersonal, Adaptability, Stress management and general mood.
5. Mixed model of emotional intelligence proposed by Goleman. In this model emotional intelligence has four components:

- Self-awareness: refers to personal ability to understand his own emotions and feelings. Why they feel in this particular way and what can be potential impact of their emotions.
- Self-management: refers to personal ability to manage emotions while they can affect the performance of an individual such as anger, stress, etc. It refers to the ability to behave in a socially desired manner rather than behaving creatively.
- Social awareness: refers to the ability to sense and understand the feeling of others. An individual is aware of his own emotions and help others in realizing their goals and interests.
- Relationship management: refers to the ability to inspire, develop and help others in realizing their shared goals while managing the conflicts. This ability requires effective communication skills, using tactics of persuading others and working well with others towards sharing goals [6].

Based on different emotional intelligence models, there are some different measures which are dividend in three main groups: self-report and other report. Self-report measures ask people to indicate to what extent a certain statement describes them. Relying on a person's self-understanding and self-concept, self-report measures are accurate if the person's self-concept is accurate. However, if the person's self-concept is inaccurate, a self-report measure may in fact be measuring the self-concept and not the true thoughts, behaviors, and attitudes of the individual. Other-report measures (also called other-rater or informant measures) are sometimes advantageous over self-report measures as they are less of a measure of self-concept. In other-report formats, individuals who are familiar with a person are asked to what extent a certain statement describes that person. Other-report measures have been criticized as a measure of a person's reputation and not their true self, and have been found to be much less accurate when judging internal cognitive styles and capacities. Performance measures (also called ability measures) assess intelligence by having the individual engage in a number of cognitive tasks. Performance measures have traditionally been regarded as the "gold standard" for traditional intelligence testing due to the fact that intelligence corresponds directly to the actual capacity for one to perform well at mental tasks. In essence, having to perform mental tasks illustrates their actual capacities while self and other-report designs measure beliefs about those capacities [9].

Kamboj (2014) has categorized emotional intelligence measurements in eight measures. Following are these measures [6]:

1. Multi branch emotional intelligence scale: This test is composed of 12 subscales in which test takers are asked to perform tasks based on their ability to assess emotions, perceive and utilize emotions in accomplishing the tasks assigned to an individual. This measure is developed by Mayer and Salovey.
2. *Mayer-Salovey-Caruso emotional intelligence test (MSCEIT)*: This test measures the four areas of emotional intelligence perception, understanding of thought, facilitation and management. Identifying the emotions to assess the emotional perception of an individual. This scale is developed by Mayer, Salovey and Caruso.
3. Bar-On emotion quotient inventory measure: This measures one`s ability to be successful in dealing with the work demands and pressures. 133 items are used to obtain a total emotion quotient. The scale is developed by Reuven Bar-On.
4. Emotional competency inventory (*ECI*): This is a 360 degree instrument which measures ratings of self, peer, director, manager ratings on a series of behavioral factors which measures 20 competencies of an individual divided into four components given by Goleman.
5. Emotional intelligence appraisal: This is a quick and effective method which uses 28 items to measure the four components of Goleman`s model. This measure is developed by Bradberry and Greaves along with members of the Talent Smart Research Team.
6. Work profile questionnaire - emotional intelligence version: This method includes 84 items as a self-reporting measure to determine innovation, self-awareness, intuition, emotions, motivation, empathy and social skills. This measure is developed by Goleman.
7. Levels of emotional awareness scale (*LEAS*): This is a self-reporting method based on a hierarchical theory of

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emotional intelligence.

8. Self-report Emotional intelligence test (*SREIT*): This measure includes 33 items [6].

Ahmadpour Dariani has categorized previous entrepreneurship researches into three categories [10]:

1. Status of research in 1980. Pauline (1982) examined 81 articles on entrepreneurship issue and concludes that it is necessary to pay more attention to inference and explanatory theories and methods of variables correlation in the research projects.
2. Status of research in 1985. Generally, the researchers in this era, affirmed that entrepreneurship is in its infancy [10], and, a comprehensive and agreed definition of entrepreneurship has not been provided yet, and believed that some researchers are pursuing science just for science, some had tried to use the acquired knowledge in solving community problems, and, others who are strongly oriented experience, encounter many difficulties and cannot understand the principles and theories to provide a consistent basis, but, receive the feedback on the accuracy of the theories.
3. Research status in 1990. This duration can be described as a new understanding of the breadth and complexity of entrepreneurial. For many people, entrepreneurship and job creation is the engine of social changes that makes effective use of resources and the national revival [10].

Entrepreneurship has many definitions but the most common definition is the process of starting a new business individually or in an organization. According to Schumpeter, an entrepreneur is willing and able to convert a new idea or invention into a successful innovation [9]. To Schumpeter, innovation consists of any one of the following five phenomena [11]:

1. Introduction of a new good
2. Introduction of a new method of production
3. Opening of a new market
4. Conquest of a new source of supply of raw materials or half-manufactured goods
5. Implementation of a new form of organization [11].

In order to start a new business and running that, entrepreneur must deal with organizations, employees, customers, etc. Most of featured approach definitions of entrepreneurs has focused on specifications such as self-steam, self-confidence, success seeking, etc. Those specifications which helps an entrepreneur deal with people and control himself have been obsolete. Although it seems to be a key point to help the entrepreneur in difficulties.

The definition of entrepreneurial personality refer to the individual who has the ability to take risk, innovativeness, knowledge of the market functions, marketing skills and business management skills; which are influence to the personality traits in a context of cooperation, networking, and also independent in business [12].

Entrepreneurial personality is a multi-dimensional construct constituted from different components, such as; need for achievement, locus of control, creativity, innovative and grab market opportunities [12].

The Global entrepreneurship monitor (*GEM)* model views entrepreneurship as a process occurring over different phases from intentions to start, to starting, to running new or established enterprises and even to discontinuance (GEM global report 2013). The established enterprises have more than 42 months background which means the business has reached to a good level of stability.

## III. Methodology

Established entrepreneurs have passed the challenging first years of starting a business. It is assumed that established entrepreneurs have high level of emotional intelligence which have passed them through all these challenges and also it has been assumed that the relationship management has the strongest effect on emotional intelligence among four components. To study this assumption; according to Goleman model; the Emotional intelligence appraisal developed by Bradberry and Greaves have been used [10]. This measure is composed of four parts which each part considers one Goleman component of emotional intelligence. The sum of scores in each part identifies the total emotional intelligence score which is classified in five levels.

To analyze the results, individuals with the score 90-100 are classified as excellent or having high emotional intelligence and those with the score 80-89 are classified as having a good emotional intelligence.

This paper assumption is that the established entrepreneurs have excellent or good emotional intelligence.

According to Iran Gem Report (2014) the percentage of established entrepreneur in Iran is 10.92%. By using Cochran sample size formula ($\alpha$=0.1), 96 established entrepreneurs had been selected and the Bradberry and Greaves questionnaire had been given to them. The entrepreneurs had been selected according to the Schumpeter definition of entrepreneurship. To study the correlation between variables, correlation coefficient and *SPSS V.19* have been used.

## IV. Results

In order to calculate the emotional intelligence in established entrepreneurs each component have been calculated. The total emotional intelligence score for each one is the sum of each component score then the linear regression equation and $R^2$ between each component and total emotional intelligence have been calculated.

TABLE I
THE SUMMARY OF EMOTIONAL INTELLIGENCE SCORE IN IRANIAN ESTABLISHED ENTREPRENEURS

| ***Score*** | ***59 or less*** | ***60-69*** | ***70-79*** | ***80-89*** | ***90-100*** |
|---|---|---|---|---|---|
| ***level*** | Very poor | Poor | medium | good | excellent |
| ***Number*** | 2 | 5 | 33 | 45 | 11 |

The total score of emotional intelligence is summarized in Table I. To study the first assumption it is hypothesized that the average total score of emotional intelligence in normal population is equal or above 80 (left tailed test). The SPSS19 results confirms the first assumption ($\alpha$=0.01).

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To study if relationship management has the strongest effect on emotional intelligence, each component has been considered individually. Fig. 1 points out the self-awareness effect on emotional intelligence. The α and $R^2$ are 117.35 and 0.6075 frequently which shows the good correlation between these this component and emotional intelligence.

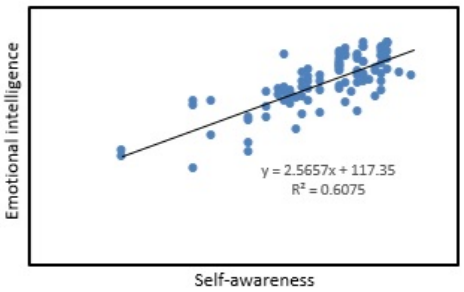



Fig. 1 The effect of self-awareness on emotional intelligence

Fig. 2 indicates the effect of self-management on emotional intelligence. The α and $R^2$ are 134.5 and 0.73 alternatively which show self-management has a good correlation with emotional intelligence by a linear trend.

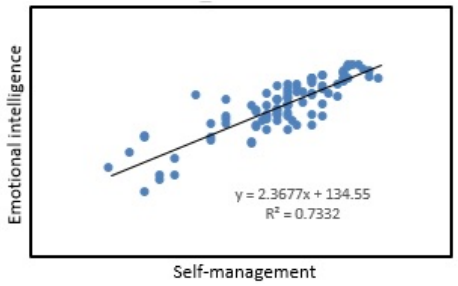



Fig. 2 The effect of self-management on emotional intelligence.

Fig. 3 illustrates the effect of social awareness on emotional intelligence. The α and $R^2$ are 77.05 and 0.7 which explain the good correlation between social awareness and emotional intelligence.

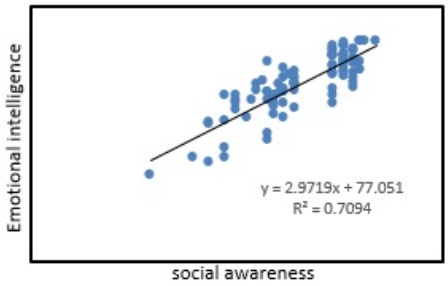



Fig. 3 The effect of social awareness on emotional intelligence.

Fig. 4 shows the effect of relationship management on emotional intelligence. The α and $R^2$ are 119.61 and 0.53 frequently which determine the good correlation between relationship management and emotional intelligence but according to other components it has the poorest effect among four components while self-management shows the highest effect. So the second assumption is not confirmed.

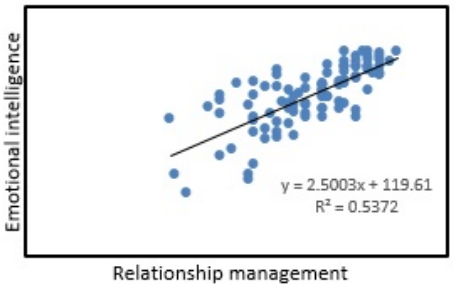



Fig. 4 The effect of relationship management on emotional intelligence

## V. Conclusion

The results of this study shows high emotional intelligence in Iranian established entrepreneurs which is in line with the studies of Travaglione and Bernadette Cross (2003), Brandon et al (2008) and Zampetakis (2009). Emotional intelligence can be proved by psychological techniques. Even those who have poor or very poor emotional intelligence can invigorate it by practicing.

Among those who need to have high emotional intelligence, entrepreneurs will benefit from upgrading their emotional intelligence level. So it would be a good idea to add emotional intelligence upgrading practices to the courses entrepreneurs pass.

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