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Investigating the Relationship between emotional intelligence and entrepreneurship

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ABSTRACT

If the organizations tend to survive in some environment full of changes and if they want to guaranty the continuous of their activity, they should take a big step toward the entrepreneurship and also, comparing their competitions, they should pioneer in innovation and entrepreneurship. In large organizations, supporting entrepreneurial behavior at all hierarchal levels for growth and increasing competitive advantages. Entrepreneurial behavior in the organization is said of all activities related to discovery, assessment and exploitation from entrepreneurial opportunities which are done by the organization's member's entrepreneurship inside organizations will lead to increase in profitability and development in organizations, revision of strategies and organizational change and customer's added value services. It is quite possible that a better understanding of the factors that influence attitudes towards entrepreneurship and entrepreneurial intent could facilitate the successful development of these initiatives, especially for university students who, in comparison to individuals without university education, are more likely to pursue self-employment that has significant impact on economic growth (Robinson and Sexton, 1994). In large organizations, supporting entrepreneurial behavior at all hierarchal levels for growth and increasing competitive advantages, is necessary. This study contributes to the entrepreneurship literature by introducing emotional intelligence as an additional factor that explains how entrepreneurs perceive their own success. Using survey data from 136 Iranian Managers, we find that emotionally intelligent entrepreneurs are more likely to judge their entrepreneurial success using the following criteria: employee satisfaction, social responsibility, personal satisfaction, customer satisfaction and business performance. Furthermore, not all EI dimensions are equally relevant to explain the phenomenon. We find that "regulation of emotion in others" seems to be the most important dimension, whereas "emotion in others" seems to be the less relevant one.

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Introduction

Entrepreneurship is considered as one of the main effective factors on creating economic value and is an efficient instrument in effective employment. It also can be considered as an effective factor on the unemployment rate. In addition, entrepreneurship is considered by governmental officers as an effective factor on economic development rate, live standards, and tax incomes. This is why that many countries have attempted to develop entrepreneurship spirit and entrepreneurial behaviors. The reason is that its development results in sustainable development.

One of factors involved in corporate entrepreneurship is the staff's high emotional intelligence; emotional intelligence has an obvious role in the people desired Functionality in comparison with other capabilities such as intellectual or technical skills and both organization and staff can benefit from the advantages of developing emotional intelligence and its capabilities. Some scientists believe that humans should have high emotional intelligence, in addition to having Intelligent Quotient (IQ) so as to increase functionality. There is no doubt that intelligence quotient (IQ) plays an important role on people's future and there are some studies, which indicate that IQ could help succeed. Belington and Felts (2010) explained that IQ testing has become a popular tool for allocating scarce resources in the United States and beyond. IQ-reflective tests are normally

implemented in primary and secondary schools to sort students into groups, and by universities and employers to choose between applicants. However Belington and Felts (2010) argued that the current applications of IQ-reflective tests permit individuals with high IQ scores to receive greater access to developmental resources, enabling them to reach additional capabilities over time, and finally perform their jobs better. The research shows that entrepreneurship at the organization level and entrepreneurial behavior can be regarded as new competitive advantage. Entrepreneurial behavior in the organization is said of all activities related to discovery, assessment and exploitation from entrepreneurial opportunities which are done by the organization's members (Gibb, 2002). Public Organizations have a prominent role in the many countries' process of development, in particular developing countries. But due to various reasons, these organizations in the third world countries lose their functionality gradually in response to diverse and increasing demands. Many writers and forerunners of changes in the organization and public management services consider entrepreneurship as more effective and more responding and define as the basis of public management in facing upcoming challenges. Also, some researchers believe that entrepreneurship behavior is a vital and comprehensive necessity for all levels of the organization, including public, private etc. In big organizations, to improve

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function and to increase competitive advantage, entrepreneurship behaviors should be supported at all hierarchical levels and this issue is of vitality. In general, entrepreneurship inside organizations will lead to increase in profitability and development in organizations, revision of strategies and organizational change and customer's added value services (Tang & Korea, 2004). *Piaget* discovered that emotions affect thoughts and mentioned time and again that it is not possible to consider recognition without considering emotions. *Vainier* who started his work with educational success and failures, mentioned in his documentary theory that excitability reactions are in relation not only with success and failure experiences, but also with describing or documenting to one's definition of success and failures .

One of factors involved in corporate entrepreneurship is the staff's high emotional intelligence; emotional intelligence has an obvious role in the people's desired functionality in comparison with other capabilities such as intellectual or technical skills and both organization and staff can benefit from the advantages of developing emotional intelligence and its capabilities. Some scientists believe that humans should have high emotional intelligence, in addition to having Intelligent Quotient (IQ) so as to increase functionality (Vesper & Gartner, 1997). Emotional intelligence is the ability to comprehend, describe, receive and control emotions. Life incidences can be positive or negative; from Entrepreneurship scholars have devoted significant attention to study entrepreneurial success, relying mainly on business-oriented criteria such as profitability, market share and employment growth (Duchesne & William, 1990; Murphy et al., 1996; Richard, 2000). At the same time, it has been argued that the essence of entrepreneurship is driven by personal-oriented factors such as personal satisfaction or a good work-life balance. Entrepreneurs not always aim to maximize financial returns or business growth (Gorgievski et al., 2011). Once the firm reaches a minimum efficient scale and becomes economically viable, entrepreneurs often have the freedom to decide whether or not to strive for business-oriented success (Zhou & Wit, 2010). Several studies also indicate that most of the entrepreneurs have modest growth aspirations, restringing the growth rate of their firms (Cliff, 1998). Business-oriented criteria do not therefore fully reflect how entrepreneurs determine to what extent they are successful (Walker & Brown, 2004).the most horrible incidences like a close person's death or losing a much-wanted job to positive occurrences like marriage and meeting an old friend. At the same time, the way humans react to these shapes the life's outcomes. Emotional intelligence 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.

On the other hand, people who benefit from high emotional intelligence will 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 lifespan. There evidences, showing that personality will affect the creation and emergence of entrepreneurship. In theoretical stage, emotional intelligence is an extent in which the individual tends to think process and operate based on innately emotional information both in an extrovert and introvert fashion. Emotional intelligence refers to a set of behavioral tendencies, and individualistic understanding related to the individual's capability to recognize the process and use emotional information and is mostly considered as personal trait rather than an ability of conscious

recognition (Zhou & Wit, 2010). 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 trait 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. Staffs that benefit from high degrees of emotional intelligence trait tend to control their emotions more and as such ,experience more confidence and better control over their workplace demands which will enable them to act entrepreneurially. Mir 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.

The emotional intelligence trait will affect entrepreneurial behavior by two key processes. The first and foremost is self-assessing of emotional usefulness. Staff possessing high perceived emotional intelligence will probably show high tolerance in the face of stress and environmental stress-inducing factors (Muscleman et al., 2002). Therefore, they are more capable in assessing and controlling personal emotions. For example, they recognize feelings related to hopelessness and then control these feelings so as to reduce stress; as such, the extent of their entrepreneurial behavior increases. The second process is recognition; people possessing high perceived emotional intelligence tend to be more effective and to appear creative and active and to communicate and therefore, facilitate entrepreneurial behavior.

For example, there are evidences which show that private positive affecting will probably lead to more creative conduct and on-time reaction. Recent research works show the increasing value of emotional intelligence trait in comparison with personality and other psychological structures in predictable and effective variables (Cliff, 1998). In Ahemtoglu et al.'s research, they concluded that individual differences in terms of emotional intelligence will lead to the difference in entrepreneurial behavior. The results of the study done in a meta-analysis fashion showed that there is a positive relation between emotional intelligence and job functionality. Also, with respect to a study's results, manager's emotional intelligence cannot be used to direct entrepreneurship. The effect of emotional intelligence trait on job satisfaction has been shown as an effective mediator. Staff with high emotional intelligence normally has more job satisfaction since they are more able to control their personal emotions in comparison with those of staff who have lower emotional intelligence level (Walker & Brown, 2004; Gorgievski et al., 2011).The roots of entrepreneurship can be traced back several centuries to 1734, when economist Canutillo coined the term 'entrepreneur' to describe the risk-taking activities of farmers within the economy (cited in Schumpeter, 1934). While the farmers paid both their landlords and farm assistants 'certain' incomes, they themselves accepted 'uncertain' incomes for the future.

Thus, the farmers were taking risks to reap future economic benefits, and so, they were acting as 'entrepreneurs' (Schumpeter, 1934).Many scholars have also focused on formalizing the concept of 'entrepreneurship.' Say (1803) suggested it involved the combination of production factors into a producing organism)cited in Schumpeter, 1934). Knight (1921) viewed entrepreneurship as an ability to successfully predict the future (cited in Low & McMillan, 1988). Schumpeter (1934, 1942)defined entrepreneurship as carrying out new

combinations (cited in Low & McMillan, (1988 by introducing new production methods, opening new markets, acquiring new sources, or creating new organizations (cited in Ensilage et al., 2000). Stevenson, Roberts Groesbeck (1985) suggested that it involves a drive by the perception of opportunity) cited in Low & McMillan, 1988). Gardner (1985), like Schumpeter, defined entrepreneurship the creation of new organizations (cited in Low & McMillan, 1988). Recently, concurrence about the direction of the term 'entrepreneurship' has been evidenced among several groups of prominent scholars within the field, including Low & McMillan (1988), Stevenson and Jailor (1990), Venkataraman (1997), and Davidson & Wieland (2001) (cited in Davidson & Wieland, 2001); who suggested a perspective on entrepreneurship that focuses on discovery and 'new combinations' – also known as 'the creation of new enterprise.' From the authors' point of view, this shall be the understood definition of entrepreneurship when it is subsequently mentioned within this study.

Entrepreneurship can be examined from different levels. Gardner (1985) introduced four major perspectives in entrepreneurship, including the characteristics of the entrepreneur who initiates an organization, the type of organization created, the environment surrounding the organization, and the process by which the new organization is initiated (cited in Low & McMillan, 1988). Lumpkin and Desks (1996) later indicated that these perspectives are each comprised of factors that can provide insight about firm factors include the industry or business environment; and internal factors include the organizational structure, and characteristics of top managers or founders.

The entrepreneurial process revolves around the individual entrepreneur. Woo, Daellenbach, and Nicholls-Nixon (1994) suggest that the success of a firm is dependent upon the capacity of the entrepreneur to perceive and act on opportunities that are the surrounding environment. This is undertaken through a process of experimentation and learning, which is guided by the way the characteristics of the entrepreneur influence his/her perception of the environment. Similarly, Herron and Sapiens (1992), suggest that new venture creation links the individual characteristics of the entrepreneur with his/her experience of the surrounding environment. Naughtier, Hornsby, and Kuroki (1994) claim that entrepreneurial motivation is influenced by psychological characteristics with perception of situational factors. On a related note, Shaver and Scott (1991) present model that focuses on the person, process and choices of the entrepreneur. The scholars propose that it must be understood how the surrounding environment is perceived in the mind of the entrepreneur and whether the individual decides to act. This requires tracing the link between cognitive representations in the mind of the entrepreneur and their translation into action (Shaver & Scott, 1991). Scholars have begun to analyze the role of managers' emotions in the management process (e.g., Fineman, 2003). Further, within entrepreneurship literature, there exists large body of material that regards entrepreneurialism as a deeply emotional activity (e.g., Bower, 1993; Branson, 2000; Down, 2006; Kats de Varies, 1996; Roddick, 2000; cited in Goss, 2008); and a few scholars have focused on emotion as a component of enterprising behavior (e.g. Goss, 2005a, 2005b; Kets de Vries, 1977, 1985; cited in Goss, 2008). Lately, researchers have turned their attention to the role of emotions in regards to entrepreneurs' behaviours; for example passion (Cardon et al., 2005) and grief (Shepherd, 2003) (cited in Brundin et al., 2008). Further, it was found that employees' willingness to act entrepreneurially is affected by a manager's

display of emotions concerning an entrepreneurial project (Brundin et al., 2008); pointing to the effect of emotion on decision-making and strategy-making.

Within the psychological field, emotions have recently been examined within the entrepreneurial context. Specifically, a study by Cross & Travaglione (2003) found that each deemed successful by nature of their firm's profit, demonstrated outstanding performance in Emotional Intelligence (EI) ability, especially in the appraisal and expression of emotion, regulation and utilization of emotion. On a related note, Nikolaou and Tsakoumis (2002, 2005) found that employees who were high in self-perceived EI exhibited entrepreneurial behaviors. By being able to appraise and regulate their own emotions, employees reduced stress, and increased their levels of entrepreneurship (cited in Zampetenakis et al., 2009). Moreover, Zampetenakis et al. (2009) suggested that individuals with high self-perceived EI often have increased affectivity, contributing to proactive and creative dispositions, and facilitating entrepreneurial behavior. A positive effect of EI on entrepreneurial behavior was later confirmed, implying that the elicitation and understanding of certain emotions enables employees with high EI to take appropriate actions, influencing entrepreneurial behavior (Zampetenakis et al., 2009).

To understand the concept of EI, its two component terms, 'intelligence' and 'emotion,' should be discussed. As mentioned in section 5.4.1, psychologists have recognized a threepart division of the mind, comprising cognition, affect, and motivation. The cognitive sphere comprises such functions as memory, reasoning, judgment, and abstract thought functions that when used together comprise what is referred to as 'intelligence'. Emotions belong to the affective sphere, which also includes moods, evaluations, and 'feeling' states such as fatigue or energy. EI refers to the connection of these two spheres - emotion with cognition that enables heightened emotional or mental abilities. (Salvoes & Sluyter, 1997) (Its precise definition depends upon one of a few conceptualizations of the concept, to be discussed). Overall, EI captures the very interrelation that is central to the entrepreneurial process, and therefore, it represents a characteristic worth investigation. A brief review of empirical evidence thus far shall note the major emerging ideas. First, scholars have indicated that an entrepreneur is pivotal to a firm's entrepreneurship. This influence is particularly evident within owner-managing entrepreneurs (owner-managers) (who lead small, young firms within dynamic environments. Second, prominent scholars suggest that the entrepreneurial personality – in particular, psychological characteristics – matter to a firm's entrepreneurship. Third, it has been suggested that the entrepreneurial personality should be investigated to understand its involvement in the entrepreneurial process. Fourth, the entrepreneur's cognition has been identified as important within the process, and verified by two studies (Miller, 1983; Ensilage et al., 2000). Fifth, when it comes to decision-making, cognition does not act alone – it is interrelated with emotion. Sixth, when applied within entrepreneurship, EI, which addresses this cognitive-emotional interrelation, has begun to be associated with entrepreneurial outcomes. Seventh, of all EI models, the ability-based EI model best represents the cognitive-emotional interrelation. Specifically, the Mayer and Salovey (1997) model is the most appropriate for this study, and shall therefore serve as a psychological characteristic within the 'entrepreneurial personality that is apt to influence strategy-making, and therefore, entrepreneurship.

Entrepreneurship

The changes and evolutions formed in economical and social systems, as the substantial basis in each society, are rooted in science and technology improvement. In order to respond and survive and creating value, organizations should conform by situations. So, in order to gain this principal, organizations start to implement creativity and innovation and entrepreneurship, as a whole, in products (service) or process. The organizations could not survive unless there would be some organizational entrepreneurship. In Islam, the entrepreneur is an active person who could benefit from his own maximal physical, material and professional abilities in the society he lives in (Jennifer 1385: 31). In fact, such a person are known as the stimulant motor of organization and inspire the energy into the organization and cause them to be succeed in dealing with current problems and disasters. Adjusting the traditional managing methods, the organizational entrepreneurship provides competence in society which could help to eliminate the infinite requests of customers. In fact, the organizational entrepreneurship is an aspect related to entrepreneurial direction in an organization (Gibb 1996). It could be claimed that the organizational entrepreneurship is the source of national and organizational profitability in one country. Indeed, the organizational entrepreneurship is one of strategic trends in organizations to gain a high functionality and reach substantial succeed. Interest in entrepreneurship as a phenomenon rests in the perceived contributions entrepreneurs make to public policy goals such as economic growth, increased productivity, job creation, technological innovation, deregulation and privatizations, and structural adjustments or realignments (Shane 1996). Although the effects of entrepreneurship are rarely contested, a common observation about the Field of entrepreneurship research is that it lacks consensus about its object of study (Cornelius et al. 2006). Bull and Willard lamented that “the term has been used for more than two centuries, but we continue to extend, reinterpret, and revise the definition” (1993: 185). It is worth exploring the conceptual legacy of entrepreneurship as an object of study, both to identify the essence of the construct and to provide perspective for contemporary understandings and possible future extensions.

For 250 years, attempts to define and explain entrepreneurship as a phenomenon have been widely based on functional arguments. Differing interpretations of entrepreneurship can be distinguished based on how two related questions are answered: (1) what unique function does the entrepreneur play in the economy, and (2) what unique characteristics of individuals enable them to perform this function?

A medieval French term originally referring simply to ‘people who get things done,’ the meaning of the term ‘entrepreneur’ evolved by the early 18th century to refer to business contractors. Richard Cantillon, a practicing businessman of dubious means turned reflective penman of economic treatises, is credited with first imbuing the term with a new and more significant meaning. In 1755 Cantillon used the term to identify those individuals in the economic system who accept risk to make a financial profit rather than depend on a regular salary for income. These ‘entrepreneurs’ were thereafter demarcated as distinct from the masses, being postulated as the driving force behind the seemingly perpetual motion of the economy’s circular flow of money and goods (Pressman 1999). Thus was the first formal conception of the ‘risk-taking entrepreneur’ as the catalyst of economic production.

Since Cantillon, attributing the catalytic power of entrepreneurship to the entrepreneur’s willingness to take on risk has been a persistent theme among entrepreneurship scholars (Hébert and Link 1988). Although, as the concept of risk-taking was debated and refined by successive scholars, over time differences of opinion emerged (Miner 1997). In the early 20th Century, Knight made the distinction between uncertainty that is measurable, which he termed ‘risk,’ and uncertainty that is not measurable, which he termed ‘true uncertainty’. Risk, he contended, could simply be insured. It is therefore in the area of meeting the challenge of uncertainty that a space for the entrepreneur is made in the economic system. To Knight, the entrepreneur is a specialist in uncertainty bearing – someone uniquely capable and willing to take responsibility for controlling productive resources in an uncertain environment. Subsequent interpretations of the concept can be viewed with reference to a general equilibrium model of the economy (Chiles et al. 2007). On one side are the ideas of Schumpeter, considered by many to be the grandfather of contemporary entrepreneurship theory, who positioned entrepreneurs as the causal agents Responsible for creating disequilibrium in the economy (Schumpeter 1934; 1943).

Schumpeter vehemently opposed the idea of the entrepreneur as a risk taker. Instead, he conceptualized entrepreneurship as the act of carrying out new combinations of productive resources. Schumpeter insisted that “‘everyone is an entrepreneur only when he actually ‘carries out new combinations’” (1934: 78). Thus, he viewed the act of innovation as the defining characteristic of an entrepreneur, although he takes pains to make clear that an entrepreneur is not the same as a technological inventor. Schumpeter saw his definition as a permutation consistent with the classic definition of Jean-Baptiste Say that “the entrepreneur’s function is to combine the productive factors, to bring them together” (Schumpeter 1934: 76). Schumpeter’s ideas spawned one of the most influential and lasting concepts in the study of entrepreneurship – that of the ‘innovative entrepreneur’ (Drucker 1985).

In direct contrast, Kirzner positioned entrepreneurs as the causal agents that move an economy back toward equilibrium. He argued that the defining act is that of ‘opportunity discovery’, and the unique characteristic of entrepreneurs is their attentiveness to opportunity. In this way, valuable opportunities arising from economic disequilibrium are recognized, and through the pursuit of these opportunities for profit, economic equilibrium is gradually restored (Kirzner 1973; 1997a; 1997b). Based on Kirzner’s ideas, the concept of entrepreneurship as essentially the “processes of discovery, evaluation, and exploitation of opportunities” (Shane and Venkataraman 2000: 218) sits among risk-bearing and innovation as one of the most widely accepted definitions of the field.

Emotional intelligence

Since the publication of the best selling book Emotional Intelligence by Daniel Goleman (1995), the topic of emotional intelligence has witnessed unparalleled interest. Programs seeking to increase emotional intelligence have been implemented in numerous settings, and courses on developing one’s emotional intelligence have been introduced in universities and even in elementary schools throughout the United States. But what exactly is emotional intelligence? As is the case with all constructs (i.e. intelligence or personality), several schools of thought exist which aim to most accurately describe and measure the notion of emotional intelligence. At the most general level, emotional intelligence (E.I.) refers to the ability to

recognize and regulate emotions in ourselves and others (Goleman, 2001).

Several studies have found that emotional intelligence can have a significant impact on various elements of everyday living. Palmer, Donaldson, and Stough (2002) found that higher emotional intelligence was a predictor of life satisfaction. Additionally, Pellitteri (2002) reported that people higher in emotional intelligence were also more likely to use an adaptive defense style and thus exhibited healthier psychological adaptation. Performance measures of emotional intelligence have illustrated that higher levels of E.I. are associated with an increased likelihood of attending to health and appearance, positive interactions with friends and family, and owning objects that are reminders of their loved ones (Brackett, Mayer, & Warner, in press). Mayer, Caruso, and Salovey (1999) found that higher emotional intelligence correlated significantly with higher parental warmth and attachment style, while others found that those scoring high in E.I. also reported increased positive interpersonal relationships among children, adolescents, and adults (Rice, 1999; Rubin, 1999). Emotional intelligence can be beneficial in many areas of life. However, the application of its usefulness has been most frequently documented in the professional workplace. Cherniss (2000) outlines four main reasons why the workplace would be a logical setting for evaluating and improving emotional intelligence competencies:

1. Emotional intelligence competencies are critical for success in most jobs.
2. Many adults enter the workforce without the competencies necessary to succeed or excel at their job.
3. Employers already have the established means and motivation for providing emotional intelligence training.
4. Most adults spend the majority of their waking hours at work.

A strong interest in the professional applications of emotional intelligence is apparent in the way organizations have embraced E.I. ideas. The American Society for Training and Development, for example, has published a volume describing guidelines for helping people in organizations cultivate emotional intelligence competencies which distinguish outstanding performers from average ones (Cherniss and Adler, 2000).

As previously noted, considerable research in the emotional intelligence field has focused on leadership, a fundamental workplace quality. Even before research in the area of E.I. had begun, the Ohio State Leadership Studies reported that leaders who were able to establish mutual trust, respect, and certain warmth and rapport with members of their group were more effective (Fleishman and Harris, 1962). This result is not surprising given that many researchers have argued that effective leadership fundamentally depends upon the leader's ability to solve the complex social problems which can arise in organizations (Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000).

The cost-effectiveness of emotional intelligence in the workplace has been an area of interest. Several studies have reported the economic value of hiring staff based on emotional intelligence. In a report to Congress, the Government Accounting Office (1998) outlined the amount saved when the United States Air Force used Bar On's Emotional Quotient Inventory (EQ-I) to select program recruiters. By selecting those individuals who scored highest in emotional intelligence as recruiters, they increased their ability to select successful recruiters by threefold and saved \$3 million annually. A similar study by Boyatzis (1999) found that when partners in a multinational consulting firm were assessed on E.I. competencies, partners who scored above the median on nine or

more competencies delivered \$1.2 million more profit than did other partners.

Cherniss and Goleman (1998) estimated that by not following training guidelines established to increase emotional intelligence in the workplace, industry in the United States is losing between \$5.6 and \$16.8 billion a year. They found that the impact of training employees in emotional and social competencies with programs which followed their guidelines was higher than for other programs, and by not implementing these programs companies were receiving less of an impact and consequently losing money.

Three main models of emotional intelligence exist. The first model by Peter Salovey and John Mayer perceives E.I. as a form of pure intelligence, that is, emotional intelligence is a cognitive ability. A second model by Reuven Bar-On regards E.I. as a mixed intelligence, consisting of cognitive ability and personality aspects. This model emphasizes how cognitive and personality factors influence general well-being. The third model, introduced by Daniel Goleman, also perceives E.I. as a mixed intelligence involving cognitive ability and personality aspects. However, unlike the model proposed by Reuven Bar-On, Goleman's model focuses on how cognitive and personality factors determine workplace success.

- Salovey and Mayer's model of E.I. is measured using the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT), a performance measure which requires the participant to complete tasks associated with emotional intelligence. Both Bar-On and Goleman's models utilize self-report measures of emotional intelligence. Bar-On's model is measured using the Emotion Quotient Inventory (EQ-i) and Goleman's model is measured using the Emotional Competency Inventory (ECI), the Emotional Intelligence Appraisal (EIA), and the Work Profile Questionnaire – Emotional Intelligence Version (WPQei).

- Research has found that significant relationships exist between all three models of E.I.. In addition, emotional intelligence has been consistently compared to three other constructs: personality, alexithymia (difficulty in feeling and distinguishing emotions), and leadership. Many traits contained in the Big Five Personality Factor Model are similar to those described by Bar-On and Goleman in their models of emotional intelligence. Alexithymia has been found to be inversely related to emotional intelligence. Studies in leadership have found transformational leadership (leadership which inspires, motivates, and develops others while generating awareness of organizational goals) leads to increased employee effectiveness and satisfaction. Studies have also found that transformational leadership is significantly related to higher E.I.

- Studies in gender differences are inconclusive. Although some research has found that women are more emotionally intelligent than men, other studies have found no significant differences between genders. More research is required in this regard.

- Emotional intelligence has been found to be a predictor of life satisfaction, healthy psychological adaptation, positive interactions with peers and family, and higher parental warmth. Lower emotional intelligence has also been found to be associated with violent behavior, illegal use of drugs and alcohol, and participation in delinquent behavior.

- Emotional intelligence has been extensively researched in workplace settings. It has been related to increased success among those who share similar positions (e.g., senior managers). Additionally, hiring individuals with higher levels of emotional intelligence as well as training existing staff to be more emotionally intelligent has been associated with financial gains in the private sector. Training in emotional intelligence in the

workplace can occur at all levels, and several evaluated programs have found success in developing more emotionally intelligent workforces.

Data Collection and Sample

This study is based on survey data from 136 Managers in the Iran We identified 3.600 valid email addresses of firms with less than 50 employees from Orbits database. We addressed the survey to the owner/CEO of the company and finally obtained 380 responses (10.6% response rate). In line with our research question, we focused on those that fulfilled the requirements of being entrepreneurs (i.e. owning the company and making the most important decisions). This resulted into a final sample of 136 entrepreneurs. Within our sample, nearly 80% of the respondents are male and 74% of them are between 41-60 years old. 57% of them have university degrees. 58% of them had management experience and 71% of them had industrial experience before they started their own firms. Only 26% of them had previously owned a company. Firm specific characteristics of the sample indicate that 41% of them are business service companies and 34% of them are commercial service companies. The average firm size is about 16 employees. 44% of the firms are considered family businesses the dependent variables of this study are the success criteria used by entrepreneurs. We include the success criteria addressed by Walker & Brown (2004). The measures used are taken from previous studies (Birley & Westhead, 1994; Volery et al., 1997; Walker & Brown, 2004; Gorgievski et al., 2011). Entrepreneurs were asked to assess the extent to which they value 23 statements regarding the success of their business, using a 6-point Likert scale varying from "1= completely disagree" to "6= completely agree". Factor analysis results a solution of 7 success criteria factors, i.e. business performance (Cronbach's $\alpha = 0.856$), firm growth (Cronbach's $\alpha = 0.832$), employee satisfaction (Cronbach's $\alpha = 0.946$), social responsibility (Cronbach's $\alpha = 0.766$), personal satisfaction (Cronbach's $\alpha = 0.606$), a good work-life balance (Cronbach's $\alpha = 0.811$) and customer satisfaction (Cronbach's $\alpha = 0.622$). Though reliabilities of personal satisfaction and customer satisfaction are relatively lower than the cutoff value 0.7 (Nunnally, 1967; Peterson, 1994), it is indicated that sometimes lower thresholds are used in the literature.

Results

Variable relationships are first examined using Pearson product-moment Variable correlation statistics. As a prior step to seemingly unrelated regression (SUR) analysis, we checked for multicollinearity by calculating the Variation Inflation Factors (VIF) scores for each of the regressions. The values of the VIFs range between 1.23 and 3.47, below the cut-off value of 10 (Neter et al. 1990), so we can conclude that multicollinearity is unlikely to be an issue.

We first examine the relationships between EI as a whole and seven success criteria. Results from SUR show that EI is significantly and positively correlated with several success criteria (see Table 3): business performance ($B=0.17, p<0.05$), employee satisfaction ($B=0.22, p<0.05$), social responsibility ($B=0.33, p<0.05$), personal satisfaction ($B=0.56, p<0.05$) and customer satisfaction ($B=0.47, p<0.001$). Secondly, we examine the relationships between the dimensions of EI and success criteria. We find that emotion in self is only positively correlated with customer satisfaction ($B=0.27, p<0.05$). Emotion in others does not correlate with any success criteria.

Regulation of emotion in self is only slightly correlated with firm growth ($B=0.16, p<0.01$). Regulation of emotion in others seems to be the most dominant dimension that correlates to five

success criteria: business performance ($B=0.34, p<0.001$), employee satisfaction ($B=0.25, p<0.05$), social responsibility ($B=0.24, p<0.05$), personal satisfaction ($B=0.39, p<0.001$) and customer satisfaction ($B=0.49, p<0.001$). Flexible planning and creative thinking is negatively correlated with business performance ($B=-0.23, p<0.05$) and social responsibility ($B=-0.19, p<0.05$). Mood

Redirect attention correlates significantly and positively with social responsibility ($B=0.28, p<0.05$) and personal satisfaction ($B=0.21, p<0.05$), while it is significantly and negatively related to a good work life balance ($B=-0.25, p<0.05$). Motivating emotions is significantly and positively correlated with personal satisfaction ($B=0.27, p<0.001$).

Conclusion

In the present age, with respect to changes and developments in organizations, human force is Considered an important and strategic component in increasing efficiency and effectiveness of the organizations. The possession of human force committed to organizational objectives and capable of entrepreneurial behavior can not only be counted as an excellence factor but also is considered as a competitive advantage in the organization in comparison with other organizations. One of factors introduced in organizational area is staff and manager's emotional intelligence in the organization. Lately, emotional intelligence is paid attention more than ever and the results of research show that emotional intelligence is at least as effective as subjects' IQ when it comes to subjects' success and organization's success and it can be said that despite the fact that IQ is the moving force in changes and developments of twentieth century, the new evidences still show that at the beginning of 21st century, emotional intelligence will lead to developments. There evidences, showing that personality will affect the creation and emergence of entrepreneurship. In theoretical stage, emotional intelligence is an extent in which the individual tends to think process and operate based on innately emotional information both in an extrovert and introvert fashion. Emotional Intelligence refers to a set of behavioral tendencies, and individualistic understanding related to the individual's capability to recognize the process and use emotional information and is mostly considered as personal trait rather than an ability of conscious recognition.

Most questionnaires related to measuring emotional intelligence investigated the concept of emotional intelligence in general. It is suggested that more exact questionnaires related to the concepts of management and entrepreneurship be made and be used in future researches. Also, it is possible to use analytical methods such as meta-analysis, etc and to measure Research model using structural equation methods. Among the limitations of this research are the no cooperation of some staff working at the university, the use of self-assessing questionnaire which may affect the data and also the problems and limitations related to the provision the required permissions to do research due to its military nature.

This study contributes to entrepreneurship literature by introducing emotional intelligence as a missing component that also explains success criteria used by entrepreneurs. Using survey data of 112 Iranian entrepreneurs, we find that emotional intelligence plays a role in the configuration of entrepreneurs' preferences for different types of outcomes. While previous research indicates that emotional intelligence can explain entrepreneurial success via the development of key strategic

Capabilities that enhance business performance, our study show that it can also explain performance through entrepreneurs

preferences for different types of outcomes, a link neglected in the literature. In general, we find that emotionally intelligent entrepreneurs are more likely to judge their entrepreneurial success using the following criteria: employee satisfaction, social responsibility, personal satisfaction, customer satisfaction and business performance. Though less explicit for business performance, the commonality among all criteria is that all of them require social skills of managing one's and other's emotions or moods in order to meet a particular goal. These criteria also reflect the key social interactions involved in the daily practices of entrepreneurial firms, such as gaining and maintaining customers, attracting, selecting and handling employees, which are key assets particularly for small firms. Entrepreneurs with a high ability to identify, understand, and manage emotional responses of themselves and others, can obtain competitive advantages by

Managing these relationships. Furthermore, our findings suggest that not all the dimensions of EI are relevant. The dimensions of EI referred to appraisal and expression of emotion in self and in others, as well as regulation of emotion in self are not significantly associated with most of the success criteria, except for the positive relationship between emotion in self and customer satisfaction, and the positive relationship between regulation of emotion in self and firm growth. The former relationship indicates that entrepreneurs with high ability in accurately appraising and expressing their own emotions are better at expressing those emotions to others and are likely to see satisfying customers as success. The latter one indicates that entrepreneurs with high ability in adapting and reinforcing their mood states to meet certain goals are likely to perceive firm growth as their success. This implies that firm growth is a goal of entrepreneur's personal choice, which is consistent with previous studies (Muscleman et al., 2002). Only those who have growth aspiration and are able to adapt and reinforce their mood states to meet this aspiration, are likely to perceive

Their success when firm grows Regulation of emotions in others has a triple bottom-line: stakeholder's satisfaction but also self-satisfaction and business performance. Awareness of this ability is related to managing others' emotions in order to meet particular goals. Entrepreneurs with such ability might be sensitive about stakeholders' outcomes and consequently prioritize stakeholders' satisfaction. Satisfying stakeholders (customers, employees, society in general) is congruent with raising financial performance and also personal satisfaction. Flexible planning and creative thinking involves continuous exploration for new plans and future opportunities. This ability might be associated with preference for different types of outcomes, such as bringing up breakthrough innovations, rather than financial results or social responsibility. This is confirmed by our results of its negative relationships with business performance as well as social responsibility. Mood redirect attention is

Positively associated with personal satisfaction and social responsibility but negatively related to a good work-life balance. This result suggests that the capacity to reprioritize internal and external demands is associated with preference for both personal and social outcomes, but this might be done on the expenses of work-life balance. Motivating emotions is found to be positively associated with personal satisfaction. This indicates that entrepreneurs with high ability in utilizing moods to motivate persistence at challenging tasks are likely to see personal satisfaction as their

Success. This also reflects self-actualization of entrepreneurs. As argued by Salovey and Mayer (1990),

individuals with high motivating emotions are more likely to ask themselves how happy they are in their career instead of how much they will earn in their career. Thus, entrepreneurs with high motivating emotions are more likely to see themselves successful when they feel self-actualized instead of other business-oriented criteria. Our study has a number of limitations. First of all, we only examine the relationship between EI and subjective success criteria. Further research is required to dive deeper into this relationship and explore how this relationship in turn affects actual performance. Second, we rely on self reported data from entrepreneurs, reflecting their judgments on their own EI and use of success criteria. These methodological choices raise the risk of retrospective recall bias, common method Bias, and validity of some of the self-report data. Third, the current study uses a cross-sectional dataset. Future research should use a longitudinal dataset. This would allow a more thorough means to examine the impact of entrepreneurs' EI on their perception of success. Nevertheless, this work should be seen as one of the few explorative studies on the relationship between EI and success criteria used by entrepreneurs. The findings of this study give new insights from a capability-based view of entrepreneurs to policy makers, who must understand how entrepreneurs

Perceive their own success in order to promote valuable entrepreneurial activities that lead to innovation, employment and economic growth.

Limitations

Significance in general is determined in part by the sample size; the smaller the size, the more difficult it is to obtain significance, because small populations can make a statistical test insensitive (Saunders et al., 2007). While the time period allotted for this thesis was insufficient to collect a large sample population using our administrative method, the integrity of the inferences could have been improved if collection efforts would have been doubled or tripled. Another limitation of the study with respect to data collection involves an assurance of causality. While previous empirical evidence suggests that an owner-manager's EI should cause her/his EO, we were unable to confirm this within a cross-sectional study. Instead, we were left to presume this causality. This said, there exists the possibility that the causality could be reversed; in that EO strategy-making influences the owner-manager's EI. To confirm the direction of causality, a longitudinal study comprising several opportunities for data collection would be necessary.

While our theoretical deductions suggested that a significant relationship would emerge between an owner-manager's EI and EO, the results were opposite. As such, the question could be asked, "Does Entrepreneurial Orientation capture the entire spectrum of entrepreneurial strategy-making?" At the initiation of this study, only three of the five dimensions of EO were operationalized. Within the past 8-month period, the autonomy dimension has been further developed as a construct (e.g. Lumpkin et al., 2009). One has to wonder if EI might have demonstrated a significant relationship with autonomy and competitive aggressiveness factors. While the use of EO is salient in literature, it could be that the instrument captures only a portion of strategy-making processes. It may be that there are complementary processes that have emerged outside of EO dimension development that are more aligned with the 'entrepreneurship' and 'entrepreneurial behavior' to which Zampetakis et al. (2009) refer. From a methodological point of view, and as has become evident during developments and learning's associated with this study, a quantitative analysis in exploring a previously unconnected relationship might be seen as a rather bold approach. Rather, from a conservative point of

view and in consideration of the results, it may have made sense to confirm such relationships firstly with exploratory interviews. If an EI-EO relationship were to be discovered in such a manner, then a quantitative analysis could act as a follow up study – we would have had a better idea of the intensity and direction of relationship, and could have adjusted the analysis accordingly.

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