

Emotional Intelligence, Entrepreneurial Self-Efficacy and Entrepreneurial Intention

Tufail Nawaz Lecturer, Department of Business Administration, Gomal University, Dera Ismail Khan, KP, Pakistan.
Aziz Javed Assistant Professor, Department of Business Administration, Gomal University, Dera Ismail Khan, KP, Pakistan.
Aman Ullah Assistant Professor, Department of Business Administration, Gomal University, Dera Ismail Khan, KP, Pakistan.

Abstract *Current study is an attempt to highlight the connection of emotional intelligence with entrepreneurial intention directly as well as indirectly by taking in account entrepreneurial self-efficacy as a mediator. A sample of 352 final year business administration students from different universities (public sector) of KP, Pakistan is taken by the researcher. Questionnaire is used as data collection instrument whereas measures are adopted from previous literature for measuring present study variables. Reliability analysis for scale reliability, correlation analysis for testing relationships of variables and PROCESS macros (model # 4) for mediation analysis is employed by the researcher to get results. Results depicts a significant positive relationship among study variables. Researcher also find out that self-efficacy (entrepreneurial) mediates the association of entrepreneurial intention with emotional intelligence among final year business administration students.*

Key Words
Emotional Intelligence,
Entrepreneurial Intention,
Entrepreneurial Self-Efficacy, University Students, Mediation,

Introduction

Entrepreneurs are considered as key drivers of any economy as wealth and majority of jobs are created by entrepreneurial activities (Satsangi & Agarwal, 2015). Pakistan is a rising economy facing various challenges including unemployment. Entrepreneurship is considered vital to overcome unemployment issues as entrepreneur is sharing burden of the economy by producing job opportunities rather than a job seeker who himself is a burden over the economy. Recently, emotions and cognition are added as hot topics in entrepreneurship literature by Chandra (2018). Previous research has also proved the importance of both emotion and cognition for explaining how entrepreneur sees opportunities, evaluate these opportunities and then act upon those opportunities (Shepherd, Williams & Patzelt, 2015).

Emotional intelligence connected to emotions is a set of individual qualities by which he or she can understand and manage his or her own emotions as well as the emotions of other people (Goleman, 1995). As entrepreneurial profession is full of risks and disasters so emotionally keen people can better handle all these situations.

Self-efficacy was firstly presented by Bandura in 1986 and connected to cognition which “refers to the degree up to which an individual” is confident about his or her abilities that he or she can complete a specific task and finally can achieve a specific target. Self-efficacy is task related term so self-efficacy related to entrepreneurship is known as entrepreneurial self-efficacy which means that one’s beliefs about his or her abilities of performing all the activities necessary for pursuing a new venture creation (Lee, Chang & Lim, 2005).

Literature Review

Emotional Intelligence and Entrepreneurial Intention

Ngah and Salleh (2015) concluded in their study that emotional intelligence creates innovativeness and hence improves entrepreneurial success. Capability of regulating emotions seems significant for innovativeness as well as for entrepreneurial success. Gerald and Emamisaleh (2014); Bahadori (2012); Pradhan and Nath (2012) also witnessed a significant positive relationship of emotional intelligence with entrepreneurial intention in their respective studies. In view of the fit theory, emotionally intelligent people might be best suited for business enterprise profession and probably turn into an Entrepreneur

H1: Emotional intelligence and entrepreneurial intention are significantly positively correlated

Emotional Intelligence and Entrepreneurial Self-Efficacy

The self-efficacy is an influencing variable that is appeared to affect behavior in a few ways. Hopes of individual proficiency decide the start of actions, also decide the intensity of efforts will be applied, and to what extent it will be managed even with facing difficult and negative experiences to reach to objectives (Bandura, 1977). He derived four basic factors of information which can affect self-efficacy: achievements, past experience, influence and judgments of an individual's own mental conditions just like emotional excitement.

The theory of social learning shows that people will have expanded degree of self-efficacy when an unpleasant excitement represents no risk to them. Emotionally intelligent people ought to be minute defenseless against unpleasant excitement. People having a low level of emotional intelligence remains generally furious, discouraged, and frustrated as compared to individuals having a high level of emotional intelligence who remains to have positive feelings for the most time (Carmeli, 2003) on the grounds that they are versatile and have the ability of examining and managing their particular emotions; moreover, they have a reasonable comprehension of the reasons for pushing as they are aware about designing powerful strategies for managing pressure properly (Daus, & Ashkanasy, 2005).

In this way, emotionally wise people ought to see entrepreneurial profession as more plausible and feel solid in managing unsafe circumstances related to entrepreneurship since they are capable of dealing with their feeling to stay sure and formed and to avoid sentiment nervousness and disappointment when confronting unverifiable and unpleasant circumstances. Humphrey (2013) conjectured that emotionally insightful people show flexibility when confronting deterrents in beginning their organizations and they will probably hold on subsequent to experiencing misfortunes and emergency circumstances. Therefore, emotionally intelligent people ought to **have** high self-efficacy (entrepreneurial) because of their ability to keep up a constructive emotional excitement. Researcher hence hypothesizes:

H2: Entrepreneurial self-efficacy and emotional intelligence are significantly positively correlated.

Entrepreneurial Intention and Entrepreneurial Self-Efficacy

Self-efficacy imitates individual's confidence in individual's talent to effectively play out a specific action to achieve individual's objectives; moreover, it frames an influential element which impacts procedures, for example, emotional and psychological procedures and work of aptitudes (BarNir, Watson & Hutchins, 2011). High-efficacy conviction with respect to execution in a particular situation makes an individual to move toward that situation, while low efficacy makes one stay away from that situation (Zhao et al., 2005).

The "entrepreneurial self-efficacy refers to one's beliefs about" one's ability to execute activities related to entrepreneurship and responsibilities (BarNir et al, 2011). Boyd and Vozikis (1994) concluded entrepreneurial self-efficacy as a strong predictor entrepreneurial behavior in their study. Krueger and Brazeal (1994) contended self-efficacy (entrepreneurial) as the main prerequisite for turning into a latent individual having an intention of new venture creation.

Chen et al. (1998) condensed dual causes why self-efficacy (entrepreneurial) impacts "entrepreneurial intention: (1) the same entrepreneurial" circumstances might be evaluated as loaded with opportunities by persons having a high level of ESE while the same circumstances would be considered as full of expenditures and hazards by persons having a low level of ESE, (2) "in spite of the possibility that person sees an identical reality full of uncertainties, hazards, and difficulties, individuals having a high level of ESE would believe more skilled to control that reality than individuals having low level of ESE". In this way, exceptionally highly efficacious people see less probability of disappointment and hence probably going to transmit testing conditions to rewards, while low efficacious people are probably going to harbor pictures of disappointments (Chen et al., 1998). A meta-investigation by Schlaegel and Koenig (2014) found ESE as significantly positively "correlated with entrepreneurial intention". So, in the light of above findings researcher derived following hypothesis:

H3: Entrepreneurial Self-Efficacy and Entrepreneurial Intention are Significantly Positively Correlated.

Emotional Intelligence, Entrepreneurial Intention and Entrepreneurial Self-Efficacy

Numerous researchers (Baum, Frese & Baron, 2007; Rauch & Frese, 2007) recommended that motivation is a critical mediator amid individual attributes and entrepreneurial results. Though, exact testing of mediating procedures has been scaring in the "entrepreneurship literature (Rauch et al, 2007)". One proof, to reinforce the connection of entrepreneurial self-efficacy and intention was the study conducted by Zhao et al. (2005), in which they have taken self-efficacy as a mediator for predicting intention of students to be entrepreneurs. In short, their objective was to verify either entrepreneurial self-efficacy mediating the connection of individual-level precursor forces, for example,

perception of formal learning, gender, past risk tendency, entrepreneurial experience and entrepreneurial intentions. Their outcomes demonstrated that perception of formal learning, past entrepreneurial experience, and risk tendency were fundamentally identified with “entrepreneurial self-efficacy and affected entrepreneurial” intention.

In the light of above discussion, researcher anticipates that self-efficacy will have mediating role in relationship of “emotional intelligence and entrepreneurial intention” and hence hypothesizes:

H4: Entrepreneurial self-efficacy mediates the association of emotional intelligence with entrepreneurial intention.

By combining all the above hypotheses drawn from previous literature, following theoretical framework maybe obtained.

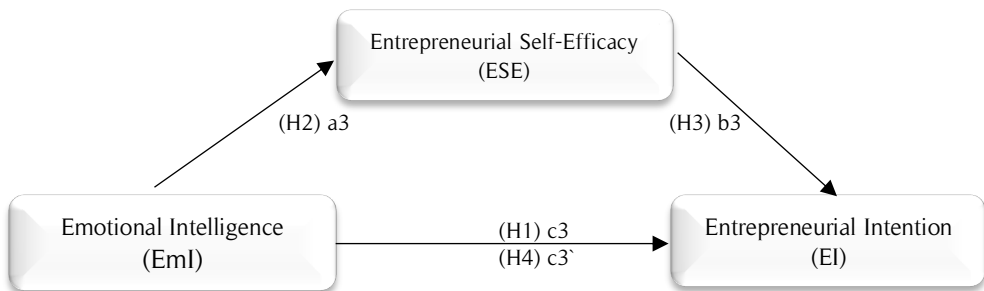


Figure 1: Theoretical Framework

Methods and Materials

Sample Size and Sampling Technique

A total of 352 final year students of business administration program enrolled in different public sector universities of KP (Pakistan) were surveyed for the purpose. Simple random sampling technique was used as sampling technique.

Data Collection

Primary and secondary data have been used for this article. Primary data was collected through adopted questionnaire whereas secondary data related to subject was obtained from different sources such as journals, books, newspapers, different websites as well as other available online resources.

Measures

Scales for measuring current study variables were adopted from previous literature. Emotional intelligence was measured through “scale developed by Wong and Law (2002), Entrepreneurial self-efficacy” construct is measured through questionnaire designed by (Scherer et al. 1989) also used by Pihie and Bagheri, 2013 whereas for measuring entrepreneurial intention, scale developed by Linan and Chen (2009) was adopted. A total of 400 sets of questionnaires were distributed for data collection. Keeping in mind the risk of low response rate, an increased number of questionnaires were distributed in which 352 were collected back having complete responses in all aspects.

Data Analysis

Results are shown in Table 1, about “descriptive statistics (Means & Standard Deviations)”, reliability (alpha coefficients “ α ”) and correlation of the measures of emotional intelligence, “entrepreneurial self-efficacy and entrepreneurial” intention.

Table 1. Descriptive Statistics, Reliability & Correlation Coefficients Summary

Construct	Mean	SD	(α)	Eml	ESE	EI
Emotional Intelligence (Eml)	3.99	.68	0.81	1		
Entrepreneurial Self-efficacy (ESE)	3.80	.63	0.75	.283*	1	
Entrepreneurial Intention (EI)	3.93	.76	0.88	.585*	.335*	1

N=352, SD=Std. Deviation, Eml=Emotional Intelligence, EI=Entrepreneurial Intention ESE=Entrepreneurial Self-Efficacy,

Above table shows that the reliability coefficient of all the three constructs i.e. emotional intelligence ($\alpha=0.81$), entrepreneurial self-efficacy ($\alpha=0.75$) and entrepreneurial intention ($\alpha=0.88$) was found satisfactory for the present study. Similarly, table also shows correlation matrix about present study variables which indicates that emotional intelligence is significantly positively correlated with entrepreneurial intention ($\beta=0.585$, $p<0.05$) and also with entrepreneurial self-efficacy ($\beta=0.283$, $p<0.05$). Results also revealed a significant positive correlation between entrepreneurial self-efficacy and entrepreneurial intention ($\beta=0.335$, $p<0.05$).

Mediation Analysis

The entrepreneurial self-efficacy is used as the mediator amid emotional intelligence and entrepreneurial intention in present work. So, for mediation analysis PROCESS macros model # 4 by Hayes (2013) is used.

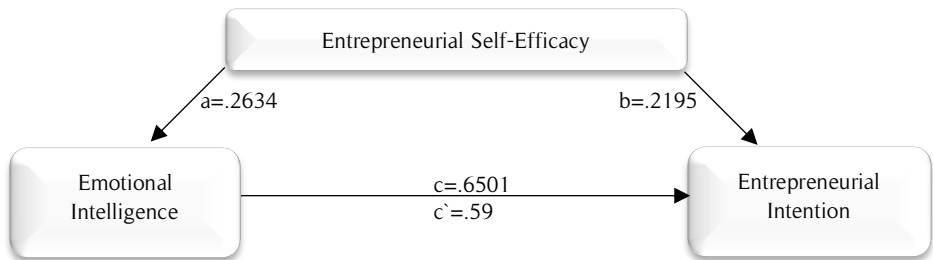


Table 2. Mediation Analysis

Emotional Intelligence (EmI) n= 352						
Model Summary						
R	R-sq	Se	F	Df1	Df2	p
.6113	.3737	.3690	104.12	2.000	349.00	0.000
Path	Coefficient			p value		
EmI→ESE (a3)	.2634			.0000		
ESE→EI (b3)	.2195			.0000		
EmI →EI (c3)	.6501			.0000		
EmI→ESE→EI (c3)	.5923			.0000		
	Effect			95CI		
				LLCI	ULCI	
Total	.6501			.5555	.7448	
Direct	.5923			.4959	.6888	
Indirect	.0578			.0261	.1110	
Sobel Test or Normal Theory Test for Indirect Effect						
Effect	se		Z	p		
.0578	.0176		3.2908	.0010		

EmI=Emotional Intelligence, ESE=Entrepreneurial Self-Efficacy, EI= Entrepreneurial Intention

Table 2 shows summary of results revealed through mediation analysis. As a whole the model testing the relationship of Entrepreneurial Intention with Emotional Intelligence with mediating role of “Entrepreneurial Self-Efficacy” is significant ($F=104.12$, $p<0.000$) and “explained a significant amount of variance in Entrepreneurial” Intention ($R^2=0.37$).In simple mediation model results shows that Emotional Intelligence is significantly positively related to Entrepreneurial Self-Efficacy ($a3=0.263$, $p<0.000$) as well as to Entrepreneurial Intention ($c3=0.592$, $p<0.000$). Additionally, Self-Efficacy (Entrepreneurial) is significantly associated positively with Entrepreneurial Intention ($b3=0.219$, $p<0.000$).

The effect of Emotional Intelligence related to Entrepreneurial Intention after adding the mediating “effect of Entrepreneurial Self-Efficacy” is also positively significant ($c'3=0.650$, $p<0.000$). Additionally, results show the total effect (0.650, 95% CI [0.555, 0.744]), the direct effect (0.592, 95% CI [0.495, 0.488]) and indirect effect (0.057,

95% CI [0.026, 0.111]) of “Emotional Intelligence on Entrepreneurial Intention”. For the determination of the presence of significant indirect effect, the upper and lower confidence intervals (CIs) must not contain zero. Present study results also don't contain zero and hence mediation is occurring which is also confirmed by Sobel test ($Se=0.0176$, $Z= 3.290$, $p= 0.001$) significant results. However, as both the path c' ($c3' =0.592$, $p<0.000$) and c ($c3=0.650$, $p<0.000$) are significant which indicates that Entrepreneurial Self-Efficacy partially mediates the association of the emotional intelligence with entrepreneurial intention.

Study Findings

Present study showed that EI is positively related to entrepreneurial intention which indicates that students “having a high level of emotional intelligence” are relatively more intended to establish their own ventures. The entrepreneurial self-efficacy was taken as mediator in the relation between emotional intelligence and entrepreneurial intention where results depicted the partial mediator “role of entrepreneurial self-efficacy” in the above said relationship. Finally, the study revealed that students having high “emotional intelligence and a high entrepreneurial self-efficacy” have also a high entrepreneurial intention and hence are intended to be entrepreneurs.

Conclusion

Entrepreneurs are considered as key economic drivers and a huge source of economic growth however very little research is conducted on the factors which may infuse the feelings of entrepreneurship in the minds of young people to become entrepreneurs. Present study is a minute attempt to talk about some of these factors particularly “emotional intelligence and entrepreneurial self-efficacy”. The researchers in present study found that emotional intelligence, entrepreneurial self-efficacy and entrepreneurial intention are significantly “positively related to each other” and concluded that a high level of emotional intelligence strengthens the relation with entrepreneurial self-efficacy. As compared to other personality attributes, emotional intelligence is the attribute, that can be enhanced through training. So, for this purpose universities and other educational institutions should take initiatives for students to enhance their emotional intelligence ability by arranging different types of trainings, seminars and workshops etc. so that these student's mentality maybe diverted towards “self-employment. They have to be job” providers rather than job seekers and only in this way can serve their country as this is the demand of current social and economic situation of Pakistan.

Study Limitations and Suggestions for Future Researchers

The present study undertakes the students of public sector universities of KP with special reference to business administration discipline whereas in future the sample element may be extended to private universities as well as by considering students from other fields of study like commerce, engineering etc. Also, as present study is based on primary data source so the results are also as good as the respondents have given the accurate responses.

In future, the researchers can also investigate the factors becoming causes of differences in the behavior of different female and male students. Moderating role of variables can also be considered in the future.

References

- Bandura, A. (1977a). *Social Learning Theory*. Englewood Cliffs, NJ: Prentice Hall.
- Bandura, A. (1986). Social foundations of thought and action: A social cognitive. *Englewood Cliffs, NJ: Prentice Hall*. xiii.
- BarNir, A., Watson, W. E., & Hutchins, H. M. (2011). Mediation and moderated mediation in the relationship among role models, self-efficacy, entrepreneurial career intention, and gender. *Journal of Applied Social Psychology*.
- Baum, J. R., Frese, M., & Baron, R. A. (2007). *The psychology of entrepreneurship*. Mahwah, NJ: Lawrence Erlbaum Associates, Inc.
- Boyd, N. G., & Vozikis, G. S. (1994). The influence of self-efficacy on the development of entrepreneurial intentions and actions. *Entrepreneurship Theory and Practice*.
- Carmeli, A. (2003). The relationship between emotional intelligence and work attitudes, behavior and outcomes. *Journal of Managerial Psychology*.
- Chandra, Y. (2018). Mapping the evolution of entrepreneurship as a field of research (1990–2013): A scientometric analysis. *PLoS ONE*, 13(1), e0190228. <https://doi.org/10.1371/journal.pone.0190228> Cardon(2005)
- Chen, C., Greene, P., & Crick, A. (1998). Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? *Journal of Business Venturing*.
- Daus, C. S., & Ashkanasy, N. M. (2005). The case for the ability-based model of emotional intelligence in organizational behavior. *Journal of Organizational Behavior*.
- Gelard, . & Emamisaheh, K. (2014). Investigation of the relationship between Emotional Intelligence and Entrepreneurial Intention. *International Journal of Management and Humanity Sciences*, 3(7), 2620-2635, Retrieved From [Http://Www.ijmhsjournal.com](http://Www.ijmhsjournal.com)
- Goleman, D. (1995). *Emotional intelligence*. New York: Bantam.
- Hayes, A. F. (2013). *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*. New York, NY: The Guilford Press
- Humphrey, R. H. (2013). The benefits of emotional intelligence and empathy to entrepreneurship. *Entrepreneurship Research Journal*.
- Kong, F., & Zhao, J. (2013). Affective mediators of the relationship between trait emotional intelligence and life satisfaction in young adults. *Personality and Individual Differences*.
- Krueger, N.F., and Brazeal, D.V. (1994). Entrepreneurial potential and potential entrepreneurs. *Entrepreneurship Theory and Practice*.
- Lee, S. M., Chang, D., Lim, S. B. (2005). Impact of entrepreneurship Education: A Comparative Study of the U. S. and Korea. *International Entrepreneurship and Management*
- Liñán, F., & Chen, Y. W. (2009). Development and cross-cultural application of a specific instrument to measure entrepreneurial intentions. *Entrepreneurship Theory & Practice*.
- Ngh, R. & Salleh, Z. (2015). Emotional Intelligence and Entrepreneurs' Innovativeness towards Entrepreneurial Success: A Preliminary Study. *American Journal of Economics*, 5(2), 285-290 DOI: 10.5923/C.Economics.201501.37
- Pihie, A. Bagheri (2013). Self-Efficacy and Entrepreneurial Intention: The Mediation Effect of Self-Regulation. *Springer Science+Business Media Dordrecht 2013*.
- Pradhan, K. R. & Nath, P. (2012). Perception of Entrepreneurial Orientation and Emotional Intelligence: A Study on India's Future Techno-Managers. *Global Business Review*, 13(1), 89-108 DOI: 10.1177/097215091101300106
- Pradhan, K. R. & Nath, P. (2012). Perception of Entrepreneurial Orientation and Emotional Intelligence: A Study on India's Future Techno-Managers. *Global Business Review*, 13(1), 89-108 DOI: 10.1177/097215091101300106
- Rauch, A., & Frese, M. (2007). Let's put the person back into entrepreneurship research: A metaanalysis on the relationship between business owners' personality traits, business creation, and success. *European Journal of Work and Organizational Psychology*
- Satsangi, A. K. (2015). Emotional Intelligence and Entrepreneurial Self-Efficacy: An Analytical Study of Post Graduate Management Students. *Advances in Economics and Business Management (AEBM)*, 1272-75.
- Scherer, R. F., Adams, J. S., Carley, S. S., & Wiebe, F. A. (1989). Role model performance effects on development of entrepreneurial career preference. *Entrepreneurship Theory and Practice*.
- Schlaegel, C., & Koenig, M. (2014). Determinants of Entrepreneurial Intent: A MetaAnalytic Test and Integration of Competing Models. *Entrepreneurship Theory and Practice*.

- Shepherd, D.A., Williams, T.A., & Patzelt, H. (2015). Thinking about entrepreneurial decision making: Review and research agenda. *Journal of Management*, *41*(1), 11 - 46, <https://doi.org/10.1177/0149206314541153>
- Wong, C. S., & Law, K. S. (2002). The Effects of Leader and Follower Emotional Intelligence on Performance and Attitude: An Exploratory Study. *The Leadership Quarterly*, *13*, 243-274.
- Zhao, H., Seibert, S. E., & Hills, G. E. (2005). The mediating role of self-efficacy in the development of entrepreneurial intentions. *Journal of Applied Psychology*.