

Emotional Intelligence and Innovativeness Dynamic of Entrepreneurial Orientation in Nigeria

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Abstract: The study investigated emotional intelligence as it pertains to innovativeness dynamic of entrepreneurial orientation in Nigeria. Two (2) components of emotional intelligence were employed, namely personal and social. Survey design and questionnaire was adopted; the questionnaire was administered to employees of some selected small and medium scale enterprises in Delta State. Data obtained in the field survey were analyzed via descriptive (mean, standard deviation, skewness, kurtosis and Karl Pearson correlation), post estimation test (variance inflation factor) and inferential (multiple regression) statistical tools. Findings indicated a statistically significant and positive relationship between emotional intelligence (components of personal and social) and innovativeness dynamic of entrepreneurial orientation in Nigeria. This implies that emotional intelligence (personal and social) contributes to innovativeness of the entrepreneur. Given the findings of the study, it was recommended that management of small and medium scale enterprises should encourage employees to develop an innate tendency (personal intelligence) and team capabilities (social intelligence) towards entrepreneurship. In order to further foster innovativeness of entrepreneurs, there is the need for small and medium scale enterprises to ensure swift adaptability to change catalysts as well as building a bond among employees.

Keywords: Emotional intelligence; Innovativeness; Entrepreneurial orientation; Entrepreneurship; Nigeria

JEL Classifications: L26; 031

I. INTRODUCTION

The individual traits play a vital role in entrepreneurship growth; the traits of individuals (emotional intelligence, extraversion, openness to experience and conscientiousness) have been identified and considered as significant predictors of entrepreneurial intentions and orientations (Aliyu, Rogo & Mahmood, 2020; Wen, Chen, Liman & Gu, 2020; Awad & Kada, 2012; Adeoye & Torubelli, 2011). The current study is premeditated on one of the individual traits – emotional intelligence as it affects innovativeness of entrepreneurial orientation.

Emotional intelligence is the capability to manage an individual's emotional responses in the presence of other individuals and in diverse circumstances (Dlofan, 2016). It is linked to the capability of comprehending oneself and others, communicating with others and adapting oneself with his surrounding environment (Kamalian & Fazel, 2011). Hence, it

denotes how competent an individual is able to comprehend itself and others in order to show sturdy adaptability to the environment. Emotional intelligence comprised of two competencies: personal and social; these components have been well described by the most popular and widely accepted emotional intelligence model proposed by Goleman (1995) (cited in Aliyu, *et al*, 2020; Wen, *et al* 2020).

Personal competence is made up of three components: Self-awareness (capability of people to observe and recognize 'a feeling when it occurs'); Self-regulation (capability of people to control emotions and redirect those emotions with negative impact on business outcomes); and Motivation (capability to channel emotions to realize a goal via stimulus and self-control) (Aliyu, *et al*, 2020; Wen, *et al* 2020; Abdullahi & Burcin, 2017). On the other hand, social competence is made up of two components: Empathy (capability to feel and get concerned for others, as well as treating them according to their emotional reactions); and Social skills (capability to build rapport and managing relationships with people) (Aliyu, *et al*, 2020; Wen, *et al* 2020; Awad & Kada, 2012).

Prior researches have shown that innovativeness of entrepreneurial is influenced by the level of emotional intelligence (Aliyu, *et al*, 2020; Wen, *et al* 2020; Beal, 2019; Ayedun & Ajayi, 2018). Innovativeness is the willingness of entrepreneurs to engage in creative ideas in relation to production processes (Abdullahi, Abubakar, Aliyu & Umar, 2019) and product and service quality delivery (Mohammad, Jafari & Soheili, 2012). Kiggundu (2017) contended that innovativeness reflects the deep-seated willingness to depart from existing technologies and/or practices and going beyond current state of the art.

In the literature, innovativeness can be grouped as: product market innovativeness (where concern is on product and process development) and technological innovativeness (this entails marketing strategies and product promotion). Innovation is widely acknowledged at the very core of entrepreneurial development (Endi, Surachman & Djumilah, 2014; Okunbanjo, Adewale & Akinsulire, 2017). Innovation makes entrepreneurs to be able to exploit and take good advantage of the economic opportunities in their market in order to advance a new product.

Aliyu, *et al*, (2020); and Wen, *et al* (2020) found that emotional intelligence (personal and social competencies) have the tendency to contribute to a more positive attitude and outcomes of entrepreneurial orientation ranging from risk-taking, innovativeness, and competitive aggressiveness. Whilst we acknowledged that there is avalanche of empirical studies on emotional intelligence and entrepreneurial orientation in developed countries, to the researchers' knowledge, there are little empirical studies on emotional intelligence and innovativeness dynamic of entrepreneurial orientation in Delta State, Nigeria. Thus, it is against this backdrop that this study examined whether there is a relationship between emotional intelligence and entrepreneurial orientation in Delta State.

II. LITERATURE REVIEW

2.1 Emotional Intelligence

The concept of emotional intelligence has been broadly defined in the literature; it has its foundation traced to back to Thorndike (1920); Moss and Hunt (1927); Guilford (1956); and Gardner (1983) works on social intelligence. In the view of Dlofan (2016); Kamalian and Fazel (2011), emotional intelligence is connected to the ability of comprehending oneself and others, communicating with other people and adapting oneself with his surrounding environment and in diverse circumstances. Awad and Kada (2012) refer to emotional intelligence as the capability to observe, articulate, assimilate, understand and regulate emotion in oneself and others.

Simply put, emotional intelligence is the capability to undertake precise reasoning that is engrossed on emotions and the use of such emotional knowledge to enhance thoughts. Wiklund and Shepherd (2015) conceptualized emotional intelligence as a set of social abilities or skills aimed at monitoring, discriminating and using self and other's emotion to regulate ones thoughts and actions. Thus, emotional intelligence is a combination of competencies or skills, which according to Goleman (1995) cited in Aliyu, *et al*, (2020); Wen, *et al* (2020) take the forms of personal competence (self-awareness, self-regulation and motivation) and social competence (empathy and social skills). In this study, the two emotional intelligence (personal and social) competencies were employed.

More specifically, Davidson (2015); and Adisa, Adeoye and Okunbanjo (2016) argued that emotional intelligence is based on a set of capabilities aimed at identifying emotions effectively that can better shape innovativeness dynamic of entrepreneurial orientation. Mohammed, Fethi and Djaoued(2017); Utami (2017) noted that entrepreneurs possessing emotional intelligence act in response to the magnitude of emotions they perceived from the surrounding environment. Similarly, Wekesa, Maalu Gathungu and Wainaina (2016) opined that emotional intelligence is one of the vital dynamics that makes entrepreneurs to perform above average

Arising from the above discuss, emotional intelligence is a measure of the level to which an entrepreneur makes use of his/her reasoning in the process of emotional responses in a given circumstance. Studies (Aliyu, *et al*, 2020; Wen, *et al* 2020; Abdullahi & Burcin, 2017) have shown that entrepreneurs who are emotionally personalized and who are able to manage their own feelings and deals effectively with other entrepreneurs' feelings will be at an advantage and be able to become more innovative. More so, entrepreneurs that has well-developed emotional skills are more probable to be effective in their industry and foster productivity.

2.2 Innovativeness of Entrepreneurship

Innovativeness is widely acknowledged at the core of entrepreneurship. Innovativeness is the willingness of an entrepreneur to engage in creative ideas (Abdullahi, *et al*, 2019; and Mohammad, *et al*,2012). It reflects an entrepreneur's propensity to engage in and support novel ideas as well as creative processes that may ensue in new products, services, and/ or technological processes (Lee & Tsang, 2014; and Murad & Rula, 2015). In literature, innovativeness can be grouped as two: product-market innovativeness and technological innovativeness

Prior studies suggest that for entrepreneurs to exploit and take advantage of the economic opportunities in the market, they must be innovative and able to advance new products and services (Endi, *et al*, 2014; Okunbanjo, *et al*, 2017). Innovative entrepreneurs view things the way others view them but do them differently (Taylor, 2013). Thus, innovativeness is the ability to decipher creative ideas into something unique, tangible or novel (Ikeije & Onuba, 2015). Thus, innovativeness is an essential tool for entrepreneurs to use to penetrate the industry.

2.3 Theoretical Framework

The theoretical framework is anchored on the trait/psychological paradigm to the study of entrepreneurship; conceivably, this paradigm is the most widely used in the literature. The paradigm focuses on personal disposition of individuals and their traits (Nandram & Samsom, 2007 cited in Najim, Naser and Mohamed, 2014). Traits such as sociable, anxious, energetic were thought to exist within individuals to whom they were applied (Chell, Haworth & Brearley, 1991, cited in Tanveer, Akbar, Gill & Ahmed, 2013) as well as distinguishing entrepreneurs from other populations of individuals (Bouazza, Ardjouman & Abada, 2015). This is because entrepreneurs were assumed to be a particular fixed state of existence, describable specie that one might find a picture of it in a field guide.

To Oyeniyi and Adeniji (2010), entrepreneurs were viewed as the basic unit of analyses and entrepreneur's traits were the key to explaining entrepreneurship innovation. Furthermore, researchers (such as Wang, Xue & Su, 2010; Tanveer, *et al*, 2013; Najim, *et al*, 2014; and Bouazza, *et al*, 2015) identified social and personal emotional traits such as locus of control,

risk-taking propensity, commitment and determinations, creativity; self-reliance, capability to adapt, motivation to excel as traits of successful entrepreneurs. In addition, Iyiola and Azuh (2014) agreed that traits such as self-confidence, use of influence strategies; expertise and informative seeking were not more characteristics of successful than average business owners/managers.

The relevance of the trait/psychological model to this study is that certain attribute may have the tendency to affect entrepreneurial orientation and that when the entrepreneurs are able to intelligently manage the trait (e.g. emotions) and those of others, they become more innovative and gain competitive advantage in the surrounding environment they find themselves.

III. METHODS

The study investigated whether emotional intelligence contributes to innovativeness of entrepreneurial orientation in Nigeria. Descriptive survey research design was used and questionnaire was the major research instrument. The questionnaire was administered on some employees of small and medium scale enterprises (SMEs) in Delta State, Nigeria. Given the large-size of SMEs in Delta State, the convenience sampling was used to select two hundred (200) respondents; selection was based on accessible of respondents.

The research instrument was developed to deal with emotional intelligence and innovativeness dynamic of entrepreneurial orientation. The questionnaire was designed on a 4-point Likert-scale which ranged from strongly agree(4), agree(3), disagree(2) and strongly disagree (1). The items were structured to capture information on the dependent variable(innovativeness dynamic of entrepreneurial orientation) and independent variable (emotional intelligence – personal and social competencies).

The Cronbach’s alpha coefficient was applied to test for reliability of the questionnaire. Cronbach’s coefficient alpha of 0.78 was obtained. Data obtained in the field survey were analyzed using descriptive statistics (mean, standard deviation, skewness, kurtosis and Karl Pearson correlation), post estimation (variance inflation factor) and inferential (multiple regression) statistical tools. The following empirical models were estimated:

$$IDEO = f(PEIC, SEIC) \quad - \quad eq. 1$$

Where: *IDEO* = Innovativeness dynamics of entrepreneurial orientation; *PEIC*= Personal emotional intelligence competence; *SEIC* = Social emotional intelligence competence. Equation 1 was re-estimated in its explicit form as follows:

$$IDEO_i = \beta_0 + \beta_1PEIC_i + \beta_2SEIC_i \quad - \quad eq. 2$$

Where; β_0 - β_2 = Regression parameters; μ =Error term. The statistical analysis was carried out via STATA 13.0 version.

IV. RESULTS

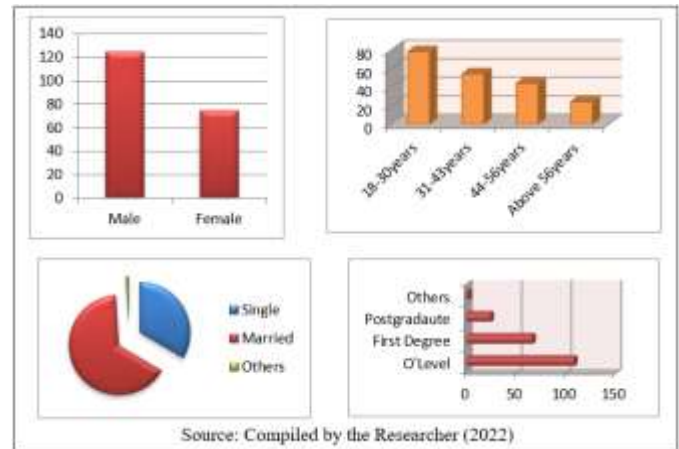


Figure 1 showed the respondents’ demographic characteristics (such as their sex, age, marital status and highest educational qualifications). The figure revealed that majority of the respondents was male compared to female; also, the respondents’ ages were widespread across numerous ages, with 18-30years as the most dominant age of the respondents. The marital status of the respondent showed that most of the respondents are married, followed by single while the highest academic qualifications level attained by employees of the selected SMEs is O’ level, followed by first degree. Thus, to an extent, the respondents have the capability to respond to the questionnaire items in terms of their knowledge.

Table 1: Summary of Descriptive Statistics of Emotional Intelligence (Personal and Social Skills) and Innovativeness of Entrepreneurial Orientation

Parameters	IDEO	PEIC	SEIC
Mean	3.18	3.07	2.930
Maximum Value	4.0	4.0	4
Minimum Value	1.0	1.0	1
Standard Deviation	0.54	0.50	0.40
Skewness	3.14	2.09	3.10
Kurtosis	3.19	3.48	3.39

Source: Researcher Computation via STATA 13.0

Table 1 showed the summary of descriptive statistics of emotional intelligence (personal –PEIC; and social – SEIC) and innovativeness of entrepreneurial orientation (IDEO) for the 200 sampled SMEs employees in Delta State of Nigeria. It can be seen that the mean beat the standardized mean benchmark of 2.0; an indication that the respondent perceived emotional intelligence and innovativeness of entrepreneurial orientation in similar ways. More so, the respondents’ perceptions were not to dispersed from each, as shown in the standard deviation values which range from 0.40-0.54.

Furthermore, all variables (*IDEO*, *PEIC*, and *SEIC*) showed non-zero skewness and are skewed to the right. Impliedly, emotional intelligence (personal and social skills) moved in

similar direction with innovativeness of entrepreneurial orientation. Also, all the variables have a normal distribution as indicated in the kurtosis values, which are above three (Gujarati, 2003 as cited in Oboreh, Egberi & Egberi, 2022); this suggests that the variables satisfy the normality condition.

Table 2: Pearson Correlation Matrix of Emotional Intelligence (Personal and Social Skills) and Innovativeness of Entrepreneurial Orientation

Variables	IDEO	PEIC	SEIC
IDEO	1.0000		
PEIC	0.0430	1.0000	
SEIC	0.0278	0.0461	1.0000

Source: Researcher Computation via STATA 13.0

Table 2 showed the Karl Pearson correlation matrix; the results revealed that correlation between the emotional intelligence (PEIC & SEIC) and innovativeness of entrepreneurial orientation (IDEO) are positive; an indication that emotional intelligence positively relates with innovativeness of entrepreneurial orientation. Also, the Pearson coefficient did not exceed the maximum benchmark of 0.8, indicating the absence of multicollinearity among pairs of the independent variables (PEIC & SEIC).

Table 3: Diagnostic Test (Variance Inflation Factor – VIF)

Variables	VIF	1/VIF
PEIC	1.01	0.990099
SEIC	1.09	0.917431
Mean VIF	1.05	

Source: Researcher Computation via STATA 13.0

Table 3 showed the diagnostic results (VIF); the mean VIF = 1.05, which is less than the accepted VIF of 10.0, indicating the absence of multicollinearity problem in the model of emotional intelligence (personal and social skills) and innovativeness of entrepreneurial orientation

Table 4: Multiple Regression Result for Emotional Intelligence (Personal and Social Skills) and Innovativeness of Entrepreneurial Orientation

Variable	Coefficient	Std. Error	t-stat.	Sig.
Constant	0.946	0.058	3.107	
PEIC	0.517	0.094	9.21	0.000
SEIC	0.496	0.087	6.37	0.000

Source: Researcher Computation via STATA 13.0

Table 4 showed the multiple regression result for emotional intelligence (personal and social skills) and innovativeness of entrepreneurial orientation. The result revealed that emotional intelligence positively and significantly ($PEIC = 9.21$; $SEIC = 6.37$; $p=0.000$ @ 5% level) affects innovativeness of entrepreneurial orientation. More so, the result showed that for each unit increase in emotional intelligence, there is 0.517 and 0.496 units increase in innovativeness of entrepreneurial orientation in Delta State of Nigeria.

The findings are consistent with the traits/psychological paradigm which supports that certain trait such emotional intelligence significantly and positively affect innovativeness of entrepreneurial orientation. In addition, the finding agree with the results of Aliyu, *et al.* (2020); Wen, *et al.* (2020) who established that emotional intelligence significantly affects innovativeness of entrepreneurial orientation. This means that personal and social emotional intelligence competencies contribute to the level of innovativeness of the entrepreneur.

V. CONCLUSION AND RECOMMENDATIONS

The literature suggests the absence of studies on whether emotional intelligence (personal and social competence) contributes to innovativeness of entrepreneurs in Delta State, Nigeria. Given the gap, this study was carried out with the view to assessing the nexus between emotional intelligence and innovativeness dynamic of entrepreneurial orientation in Delta State, Nigeria.

From the forgoing discussion, it can be concluded that innovativeness dynamic of entrepreneurial orientation is influenced by emotional intelligence, particularly personal and social competencies. The study recommends that small and medium scale enterprises need to ensure that their firms are highly proactive. They need to continually identify new business opportunities and adapt their strategies to environment based on their specific resources.

Furthermore, management of small and medium scale enterprises should encourage employees to develop an innate tendency and team capabilities towards entrepreneurship Also, to foster innovativeness of entrepreneur, small and medium scale enterprises need to ensure swift adaptability to change catalysts. The study contributes to management literature by establishing that personal and social competence (emotional intelligence) contributes to the level of innovativeness of entrepreneurial innovation in Delta State, Nigeria.

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