

# The Role of Emotional Intelligence for Entrepreneurs

S. Vidhyashree

Assistant Professor, Department of Management, Sri Ramakrishna College of Arts & Science, Coimbatore, India  
Email - vidhyashree@srcas.ac.in

**Abstract:** *Entrepreneurship and innovations have become mainstream for improving lives of people, to address social and environmental issues that drives the economic development of the country. The entrepreneurship and business environment encompasses number of situations where the entrepreneurs will have to make critical decisions. They will have to consider a lot of factors and uncertainties that happens in the business transactions. Emotional Intelligence is a life skill that contributes to a person's ability to identify, understand and manage his/her emotions and emotions of others. This skill has become highly important in the workplace and entrepreneurship. The high levels of emotional intelligence can enhance one's intrapersonal abilities to identify and regulate one's emotions. This competency can help the entrepreneurs to be adaptable to the situations. Having higher level of emotional quotient drives the successful career growth and social performance for employees and leaders in the organisation. Emotional intelligence involves studying one's emotions to effectively communicate appropriate expression. The entrepreneurs with better emotional intelligence tend to have enhanced creativity and play a positive role in the problem solving. This paper discusses the important of emotional intelligence and gives an overview of the role of emotional intelligence in the various aspects of entrepreneurship.*

**Key Words:** *Entrepreneurship, skills, Emotional Intelligence, Leadership, Communication, Empathy.*

## 1. INTRODUCTION:

The entrepreneurship can be defined as the process of discovering and studying opportunities, to exploit and evaluate to find innovative solutions to the problems and offer value to the customers. It can be defined as the creation of new companies or transforming the existing organisations with the employment of new innovative technologies. Entrepreneurship and innovations have become mainstream for improving lives of people, to address social and environmental issues that drives the economic development of the country (Korte, 2018).

The business environment has become more turbulent and unstable in recent times. The turbulence can be related to the rapid changes that happens in the business culture and environment. The globalisation and technological advancements have created a tremendous opportunity for business development. But this in turn creates a more challenging environment for business and entrepreneurs to sustain their business growth. The customer expectations are accelerating such a way that there is a need for companies and entrepreneurs to develop and offer more customised products and engaging experience (Varshney, 2020). There is a need for the entrepreneurs to have a combination of interpersonal and intrapersonal skills that can cause an impact on their networking capabilities, social interactions and negotiations.

The entrepreneurship and business environment encompasses number of situations where the entrepreneurs will have to make critical decisions. They will have to consider a lot of factors and uncertainties that happens in the business transactions. These circumstances can affect the stability of one's emotions where it can lead to heightened intense feelings and associated stress for the entrepreneurs. These emotions can cause a tremendous impact on the ability to deal with the people due to social anxiety, pressure etc. The high level of emotions affects the thinking capability of the entrepreneurs that can lead to failure in the attainment of one's goals (Ingram, 2019).

In recent times, Emotional Intelligence has gained a lot of attention amongst employees and business leaders. Significant research has taken place amongst research scholars to understand the importance of emotional intelligence in job satisfaction and career growth. The studies indicate that emotional intelligence can be attributed to one's physical and mental health. This can affect one's mindset and career growth in a productive way or in a negative way (Wen, 2020).

Emotional Intelligence is a life skill that contributes to a person's ability to identify, understand and manage his/her emotions and emotions of others. This skill has become highly important in the workplace and entrepreneurship

as it plays a major role in the thinking process and motivation of people. Emotional Intelligence can be a combination of skills that a person can possess to deal with his/her feelings (Dua, 2015). Emotional Intelligence comprises of four categories namely self-management, self-awareness, social intelligence and empathy.

Emotional Intelligence plays a crucial role in the entrepreneurial and organisation performance. Higher levels of EI allow the individuals to employ their key strengths successfully which improves the overall performance. Having higher level of emotional quotient drives the successful career growth and social performance for employees and leaders in the organisation. Some of the previous studies have highlighted that emotional intelligence is more crucial skill compared to technical capabilities (Alonazi, 2020). Emotional intelligence proves to be indispensable skills to be an effective leader in any business field.

Managing one's emotions can be critical during interpersonal interaction with other people or higher level of anxiety or stress during important situations in a business environment. This type of situation becomes inevitable for entrepreneurs during the initial phase of the business startups. Therefore, it becomes important that the entrepreneurs pay attention to these emotions and manage them (Cherniss, 2010).

The high levels of emotional intelligence can enhance one's intrapersonal abilities to identify and regulate one's emotions. This competency can help the entrepreneurs to be adaptable to the situations and contributes to better decision making in the business environment. In addition, it can also make the entrepreneurs avoid impulsive actions driven by intense feelings or emotions.

The business environment for the entrepreneurs can be described as an emotional rollercoaster with alternative success and failures. This uncertainty can affect the physical and mental health that can lead to stress and high pressure. The rapid switches between accomplishments and disappointments can create emotional strain for the entrepreneurs. Some of the researches shows that intense fluctuations of emotions can cause negative effect on the entrepreneurial outcomes (De Cock, 2020).

## **2. Impact of Emotional Intelligence on leadership qualities:**

The modern era of business requires companies to have effective leaders who can promote a conducive working environment to meet the business goals and to meet challenges in the business environment. This makes the organisations to have empowering leaders to achieve success and create a positive relationship with the customers and stakeholders (Abdullahi, 2020). Emotional Intelligence of the leaders can help them to make better decisions, think critically, solve complex issues, and adapt according to the situations.

Leadership is an integral part of running an effective business and to excel as a successful entrepreneur. An entrepreneur must exhibit effective leadership qualities with their employees and management. A leader can be defined as a person or people who have the ability to select, train and influence followers and drive their skills to fulfil organisation's objectives (Al-Dhuhouri, 2020). Being an entrepreneur, they have a significant influence on the organisation's performance and growth. This makes the entrepreneurs understand and exhibit their emotions appropriately depending on the situations.

With turbulent business environment and changing work culture leadership have become challenging for the entrepreneurs. Entrepreneurs need to display higher level of emotional intelligence in managing themselves and their employees. In addition, they also need to possess social intelligence to understand and manage employee's and customer's emotions. Some of the studies have indicated that having higher emotional intelligence can enhance work engagement in the organisation and people who are mindful have higher EI (Alotaibi, 2020).

Entrepreneurs with better emotional intelligence create a collaborative and positive work environment for their employees. They exhibit their leadership abilities by encouraging social exchange between team members and build a supportive work culture. This can create a high performing team leading to better productivity. Emotionally intelligent entrepreneurs tend to have empathy for their employees and create an environment where the employees can feel to be heard and understood, potentially resulting in the long-lasting job attitudes for the employees (Majeed, 2021).

The entrepreneurs with better emotional intelligence tend to have enhanced creativity and play a positive role in the problem solving as they have the ability to switch past experience into present solutions. Emotionally intelligent entrepreneur possesses the ability to be flexible with changing situations and also develop adaptive strategies to manage uncertainties in the business (Pathak, 2021).

## **3. Impact of Emotional Intelligence on Communication:**

The modern business culture demands effective communications and interactions. The leadership qualities are highly correlated to the entrepreneur's communication skills and the ability to establish effective communication between employees, customers and stakeholders is essential for successful entrepreneurship.

The direct communication or face-to-face communication is highly essential for the entrepreneurs to deal with people and get partnerships. The business success revolves around networking ability of the entrepreneurs. It is

important effective interpersonal interaction can help to scale higher leadership success for the entrepreneurs (Munro, 2015).

The studies shows that people with high levels of communication abilities have higher level of emotional intelligence and its related dimensions. The ability of effective communication helps the entrepreneurs to foster good relationships between people. The effective communication also helps to eliminate misunderstandings and confusion, thereby creating a trust between the entrepreneurs and employees, stakeholders etc (Raeissi, 2023).

Emotional intelligence can be crucial in virtual working environment as the team members get limited communication non-verbally. This challenges the entrepreneur's leadership abilities to gather task and complete it (Mysirlaki, 2020). The entrepreneurs need emotional intelligence to adapt to the changes in the work environment and shift in the business culture. The overall performance of the organisation can be affected due to miscommunication and unclear verbal cues.

Emotional intelligence involves studying one's emotions to effectively communicate appropriate expression. This skill plays a vital role in the communication and speaking skills of the entrepreneurs as the communication involves conveying thoughts and negotiating in business transactions (Sulistyawati, 2018).

#### **4. Role of Empathy for Entrepreneurs:**

Empathy is one of the characteristics of having higher emotional intelligence. Empathy is the ability to have willingness to be aware and understand the emotions, thoughts and feelings of others. Being empathetic has become important for entrepreneurs as they take the leadership roles in the organisation to understand and motivate the employees. Finding innovative solutions to the customer's problems is a key factor for successful entrepreneurship.

Empathy can be employed in two ways for social entrepreneurs: Perspective-taking and empathic concern. Perspective-taking is the cognitive ability of the entrepreneurs to consider and adopt different perspectives in the business processes. On the other hand, empathic concern represents the tendency to understand the feelings, emotions of others and develop compassion and concern for other people (Bacq, 2018).

The entrepreneurs apply the approach of design thinking to innovate and find creative solutions. One of the primary aspects of design thinking is to be empathetic and understand the benefits of the innovations. The empathy plays a dominant role for the entrepreneurs to collaborate with the stakeholders, establish positive relationships with the customers etc. (Korte, 2018). Having emotional intelligence along with empathy can help the entrepreneurs to reduce the negativities of cognitive biases in the decision making.

Having empathy encourages the entrepreneurs to understand different perspectives as some of the research shows that entrepreneurs tend to be over-confident. Being empathetic promotes a deeper understanding of the customer's perspectives and feelings and develop ideas that can elevate the desirability of the products or solutions (Khalid, 2018).

#### **5. CONCLUSION:**

Emotional Intelligence can play a significant role for the entrepreneurs in the present business environment. There is a high need for the leaders to understand the emotions of others in the social relationships. Entrepreneurs with better emotional intelligence create a collaborative and positive work environment for their employees. Having high levels of emotional intelligence can help the entrepreneurs to explore different perspectives and find innovative solutions to the business. Also, it provides opportunities for the entrepreneurs to become an effective communicator. Emotionally intelligent entrepreneurs tend to be an effective thinker as they can understand the perspectives and feelings of the customers, stakeholders, employees etc in the business environment. In addition, being emotionally intelligent can make the entrepreneurs adapt themselves to the changing business culture. It makes them manage their emotions in times of crisis. Being empathetic and inculcation dimensions of emotional intelligence can help the entrepreneurs to reduce the negativities of cognitive biases in the decision making. However, some of the business tasks might not require emotional intelligence for the entrepreneurs where technical skills becomes dominant. Some of the research also states that when the empathy is not properly applied, it can lead to negative consequences (Packard, 2021).

#### **REFERENCES:**

1. Abdullahi, A. Z. (2020). The impact of leadership style on organizational citizenship behavior: does leaders' emotional intelligence play a moderating role? *Journal of Management Development*, 39(9/10), 963-987.
2. Al-Duhouri, F. S. (2020). Enhancing our understanding of the relationship between leadership, team characteristics, emotional intelligence and their effect on team performance: A Critical Review. *International conference on advanced intelligent systems and informatics*, 644-655.
3. Alonazi, W. B. (2020). The impact of emotional intelligence on job performance during COVID-19 crisis: A cross-sectional analysis. *Psychology Research and Behavior Management*, 749-757.

4. Alotaibi, S. M. (2020). Does emotional intelligence and empowering leadership affect psychological empowerment and work engagement? *Leadership & Organization Development Journal*, 41(8), 971-991.
5. Bacq, S. &. (2018). Feeling capable and valued: A prosocial perspective on the link between empathy and social entrepreneurial intentions. *Journal of Business Venturing*, 33(3), 333-350.
6. Cherniss, C. (2010). Emotional intelligence: Toward clarification of a concept. *Industrial and organizational psychology*, 3(2), 110-126.
7. De Cock, R. D. (2020). Surviving the emotional rollercoaster called entrepreneurship: The role of emotion regulation. *Journal of Business Venturing*, 35(2), 105936.
8. Dua, Y. S. (2015). Emotional intelligence of entrepreneurs and their decision-making style: Role of vision. *Jindal journal of business research*, 4(1-2), 101-114.
9. Ingram, A. P. (2019). Emotional intelligence and venture performance. *Journal of Small Business Management*, 57(3), 780-800.
10. Khalid, S. &. (2018). The role of empathy in entrepreneurial opportunity recognition: An experimental study in Japan and Pakistan. *Journal of Business Venturing Insights*, 9, 1-9.
11. Korte, R. S. (2018). The Role of Empathy in Entrepreneurship: A Core Competency of the Entrepreneurial Mindset. *Advances in Engineering Education*, 7(1), n1.
12. Majeed, N. &. (2021). Nursing turnover intentions: The role of leader emotional intelligence and team culture. *Journal of nursing management*, 29(2), 229-239.
13. Munro, M. L. (2015). Theatre strategies to develop emotional intelligence skills in business communication: An exploratory study. *Southern African Business Review*, 19(2), 1-26.
14. Mysirlaki, S. &. (2020). Emotional intelligence and transformational leadership in virtual teams: Lessons from MMOGs. *Leadership & Organization Development Journal*, 41(4), 551-566.
15. Packard, M. D. (2021). Do we understand each other? Toward a simulated empathy theory for entrepreneurship. *Journal of Business Venturing*, 36(1), 106076.
16. Pathak, S. &. (2021). An emotional intelligence model of entrepreneurial coping strategies. *International Journal of Entrepreneurial Behavior & Research*, 27(4), 911-943.
17. Raeissi, P. Z. (2023). Relationship between communication skills and emotional intelligence among nurses. *Nursing Management*, 30(4).
18. Sulistyawati, M. E. (2018). The Effects of Emotional Intelligence on Students' Speaking Skills. *Edulangue*, 1(1), 39-66.
19. Varshney, D. &. (2020). Workforce agility and its links to emotional intelligence and workforce performance: A study of small entrepreneurial firms in India. *Global Business and Organizational Excellence*, 39(5), 35-45.
20. Wen, Y. C. (2020). The relationship between emotional intelligence and entrepreneurial self-efficacy of Chinese vocational college students. *International Journal of Environmental Research and Public Health*, 17(12), 4511.