

Case study: perception of entrepreneurial orientation

[Business](#)



Indian Institute of Technology (IT) Khartoum, India. All the respondents were administered on the scales of emotional intelligence and entrepreneurial orientation. The findings of the study showed positively significant correlation among the variables of emotional intelligence and entrepreneurial orientation. Regression analysis revealed significant contribution of emotional intelligence in predicting entrepreneurial orientation. The future implications of the study have been discussed in the light of empirical findings and in the context of effective entrepreneurship and entrepreneurial management. Keywords

Emotional Intelligence, entrepreneurial orientation, techno-manager, entrepreneurship, entrepreneurial management Introduction Manila's youthful population In ten age group AT 2 Y years Is estimates to Increase from 174 million in 2001 to 238 million in 2016, that is, an increase of 64 million youngsters in a time span of Just 15 years.

Out of the projected total population increase of 371 million from 2001 to 2026, the share of the workers in the age group 15-59 years is going to increase 83 per cent (Bose, 2007). These facts make it very clear that unemployment is going to be a major challenge for India in near future.

The only way to provide solution to this problem is the development of small-scale sectors which contribute about 40 per cent of the national industrial production. This is expected to generate maximum employment with considerably low investment.

Therefore, there is a need to develop entrepreneurs out of the young generation and lead them to choose self-employment as a career option. But <https://assignbuster.com/case-study-perception-of-entrepreneurial-orientation/>

contemporary transformation of the business Rabin Kumar Piranha is Assistant Professor at Department of Humanities and Social Sciences, Indian Institute of Technology (IT) Khartoum, West Bengal, India.

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Aitkin. Rent. In *India Quarterly*, 66, 2 (2010): 133-149 Rabin Kumar Piranha and Pair Nathan environment, due to liberalizing, prevarication and globalization, has imposed a great deal of competitive pressure on the small-scale sector. The major competitive threats are dramatic shift in product and process technology and changes in preference from the customer section.

Here, technology-based entrepreneurship can be a solution to the problem.

Engineers who learn sufficient science and engineering acquire capabilities to know the why and how of various theories and can design products and services based on their knowledge, skills and competencies (Bargain, 2008). This technical capability along with orientation towards entrepreneurship produces successful techno-entrepreneurs (decorousness). We call these decorousness as the future techno-managers.

The government body for the development of technology-based entrepreneurs in India is National Science & Technology Entrepreneurship Development Board (NESTED), established in 1982. It is an institutional mechanism which promotes knowledge-based and technology-driven

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enterprises. The Board, having representations from various socio-economic and scientific institutions, aims to convert ' Job seekers' into ' Job generators' through science and technology interventions.

The NESTED has established Science and Technology Entrepreneur's Park (STEP) in various technical institutes of India.

In Indian Institute of Technology (IT) Khartoum, STEP was established in December 1986 with financial support from Department of Science and Technology (DOST), New Delhi, Department of Science and Technology, West Bengal, DIB, FOCl and ICC. The STEP at IT Khartoum provides mentoring and handholding of startup companies to help them to grow. It also provides a platform for networking and interaction between academia and industry tongue seminars, workshops Ana competitions. I nuns, we Tina a lot AT effort Dealing put by the Indian government to encourage entrepreneurship.

In the field of research, we find that a lot of work has been conducted to understand the antecedents and consequences of entrepreneurship.

However, a majority of works reports on the relationship between entrepreneurship and economic development. These studies are based on samples including established or struggling entrepreneurs. But studies eased on psychological and contextual variables representing entrepreneurial orientation on engineering-UCM-management students are few. Second, studies on entrepreneurship and emotional intelligence are very rarely available in entrepreneurship literature.

The concept of emotional intelligence is also treated as one of the important personality domain of emerging managers. Thus, we made an attempt to measure entrepreneurial orientation and emotional intelligence among the technical students of IT Khartoum, and also to examine the relationship between the variables of emotional intelligence and entrepreneurial orientation to better understand the process of entrepreneurial management. About the Institution The Indian Institute of Technology Khartoum is an autonomous engineering and technology institute of higher education established by the Government of India in 1951.

This is the first of the 13 IITs established initially. It is officially recognized as an institute of national importance by the Government of India and is regarded as one of the best engineering institutions in India.

Students from all over the country come to study in this institute. Thus, the campus depicts a fantastic blend of various existing cultures and subcultures. This provides a unique opportunity to students to develop a diverse/global outlook in the process of their upbringing in the campus.

The multicultural nature of the campus makes students more adaptive and accommodative and also interdependence and socially solid. This socio-cultural Global Business Review, 13, 1 (2012): 89-108 Perception of Entrepreneurial Orientation and Emotional Intelligence 91 milieu helps in nurturing tolerant and risk-taking entrepreneurial behavior among the future technocracies.

The following theoretical review will bring out a clear understanding of the whole entrepreneurial processes. Review of Literature Entrepreneurship has been widely studied for years.

Past studies show that entrepreneurship plays an important role in creating Jobs; enhancing performance and productivity; and adds to our economic growth (Bamboo, 1993; Birch, 1979; Parker, 2005). There are as many views as there are experts in the field to understand, define and describe entrepreneurs and entrepreneurship (Horsy, 2000; Low and Macmillan, 1988; Stewart et al. , 1998). Much attention has been paid to the entrepreneurial activities gearing up the economic activities in the late twentieth century (Blurb, II/Y B r eye, BIB/; Norton, 2001; Reynolds, BIB/; convenient Ana Removable, 2001).

In this section, we will discuss and describe about the concept of entrepreneurship, entrepreneur and entrepreneurial orientation. We will also discuss about emotional intelligence and explain its conceptual and theoretical link with entrepreneurial orientation. This will help us to build up hypotheses for the present investigation. We expect this investigation will provide valuable inputs for entrepreneurship research, training developments, and also for entrepreneurial management.

Defining Entrepreneurship Though we reviewed a large body of research and academic work on entrepreneurship, much of the materials are highly controversial. Like small business owners and self-employed persons may

not be really entrepreneurs but can be treated as small business owners (Cunningham and Listeners, 1991).

The literature on entrepreneurship consists of criteria varying from innovation and creativity to personal traits such as appearance and style. The term entrepreneur is often applied to the founder of a new business or a person who started a new business where there was none before (Gardner, 1985).

Those who identify and exploit an opportunity are also called entrepreneurs (Peter, 1985). The word entrepreneur is derived from French verb 'entrepreneur', which means a person who undertakes the risk of a new venture. During the sixteenth century, Frenchmen who led military expeditions were thought of as entrepreneurs.

The term also included contractors who built bridges, roads, harbors, etc. French economists have also mentioned that those who bore the risk and uncertainty to make innovation were called entrepreneurs (Borehole, 1951; De Farce, 1973).

Thus, it was found that most of the descriptions about entrepreneurship revolve around the notion of innovation and organization of talent or people. The New Oxford Advanced Learner's Dictionary (2005) defines entrepreneur as one who undertakes an enterprise or who makes money by starting a new business, especially taking financial risk. International Labor Organization (ILL) defines entrepreneurs as those people who have the ability to see and

evaluate business opportunities, together with the necessary resources to take advantage of them and to initiate appropriate action to ensure success.

According to Koura and Guppy (1990), entrepreneur has been described as a character who combines innovativeness, readiness to take risk, sensing opportunities, Global Business Review, 3, 1 (2012): 89-108 92 identifying and monopolizing potential resources, concerns for excellence and who is persistent in achieving the goal.

The concept of entrepreneurship has been studied on many angles such as entrepreneurs, entrepreneurial style, entrepreneurial personality, entrepreneurial motivation, entrepreneurial education and entrepreneurial orientations interchangeably.

However, in this study, we will treat the entrepreneurial style as entrepreneurial relocation. We will try to relate it with emotional intelligence and how both influence the entrepreneurship process. Entrepreneurial Orientation There has been a great deal of attention paid to the subject of entrepreneurship over the past few decades. Despite a large number of researches defining entrepreneurship, entrepreneurs and entrepreneurial behavior, still it seems very difficult and challenging to understand and conceptualize (Hussy et al. , 2007).

Entrepreneurship could be defined as a dynamic process of vision, change and creation.

Vision is to recognize the opportunities where others see chaos, contradiction and confusion. Change and creation involves the application of

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energy and passion towards creating and implementing new ideas and creating solutions (Curator and Hodges, 2004). Entrepreneurship is a word with multiple dimensions and is used in a variety of contexts. At its heart are entrepreneurs. From the given discussion, it becomes clear that entrepreneurship is a process and entrepreneur is the person who establishes a new enterprise in the process.

Thus, entrepreneur plays a central role to the formation and launch of a new venture (Mammoth, 2007).

The process of entrepreneurship involves both entrepreneur (person) and the enterprise (object). This could be presented as mentioned in the following figure. $ENTREPRENEURSHIP = ENTREPRENEUR + ENTERPRISE$ (Process) (Person) (Object) Figure 1. In the present study, the main focus is on the concept of entrepreneurial orientation.

It could be defined as a person's natural tendency or attitude towards entrepreneurship. It could be described as the mindset of a person, the degree of productivity a person possess for being ahead of others in risk-taking behavior, innovation, achievement and so on.

The concept of entrepreneurial orientation is considered important for understanding the process of entrepreneurship. Krueger and Carders (1993) are of view that entrepreneurial orientation is central to understanding the entrepreneurship process because it forms the base for the inundation of a new venture. According to Gardner (1988), because entrepreneurship occurs

over time, entrepreneurial orientation might be viewed as the first step in an evolving long-term process.

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Many of them agree that there are certain psychological and sociological characteristics which are the key factors for creating difference between high entrepreneurial oriented and low entrepreneurial oriented persons.

Rainier and Mint (2005) found that there are certain psychological characteristics 93 associated with entrepreneurship. According to the psychological or personality theories, the difference in an individual's attitude or orientation, that is, internal attitude, and ability to judge and forecast situation leads a man to become a successful entrepreneur.

Some important theories in this category are: need for achievement theory by David McClellan; locus of control theory by J. D.

Rooter; risk-taking theory by Richard Cannelloni; innovation theory; and many more (Mammoth, 2007). The psychological characteristics school of thought, one among the six schools of thoughts identified by Cunningham and Listeners (1991) during their literature review of entrepreneurship, also supports the importance of entrepreneurial orientation. This school views entrepreneurs as individuals with unique values, attitudes and needs that drive them towards new venture creation.

This school of thought emphasizes on psychological characteristics that contribute to entrepreneurship. Some such characteristics are: need for

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achievement; internal locus of control; propensity to take risk; tolerance to ambiguity; and self-confidence.

Connie et al. (2005) stated that psychological characteristics play an important role in understanding entrepreneurial orientation. Baggage (1989) presented a model that includes need for achievement, internal locus of control, tolerance of ambiguity and risk-taking propensity as vital components for entrepreneurial orientation.

Similarly, Robinson et al. (1991) have considered need for achievement, innovativeness, internal locus of control and self-confidence as important for entrepreneurial attitude. Need for achievement and locus of control have received highest amount of attention in the literature of entrepreneurship research.

1 . Need for Achievement: This is the most frequently attributed dimension of entrepreneurial orientation. It has the longest history to be associated with entrepreneurship (Hussy et al. , 2007). According to McClellan et al. 1958), achievement motivation or need for achievement can be defined as ‘ behavior towards competition with a standard of excellence’.

It is widely accepted that entrepreneurs have high need for achievement (Levering and Schwartz, 2008). 2. Locus of Control: According to Rooter, locus of control could be defined as the perceived control over the events of one’s life (Lee and Tsars, 2001). Individuals with internal locus of control believe that they are able to control the events of their life, whereas people

with external locus of control attribute external factors like luck and fate as controlling their lives.

Other studies (Hussy et al. , 2007) on entrepreneurship suggest that Internal locus of control is an entrepreneurial centralists trait must be investigated in entrepreneurship research.

3. Propensity to take risk: Entrepreneurial process demands to deal with less structured, more uncertain set of possibilities and taking the responsibility for any decision. Accordingly, more Aristotelian individuals are found to ' self-select' entrepreneurial career (Stewart and Roth, 2001). 4. Self-confidence: Ho and Koch (1992) suggested that self-confidence is a necessary characteristic of entrepreneurial orientation.

Literature shows that entrepreneurs possess higher degrees of confidence compared to non- entrepreneurs (Hussy et al. , 2007). 5. Innovativeness: This characteristic of entrepreneur was first emphasized by Schumacher (1934) and then by Mitten (1989), and is considered as a focal point of entrepreneurship and an essential characteristic. 6. Extroversion: It describes the extent to which people are assertive, dominant, energetic, active, talkative and enthusiastic.

Extroversion is positively related to interest in enterprise occupations (Chaos and Gibbers, 2006).

Apart from psychological variables, there are some social variables that influence a person's entrepreneurial orientation. In the present study, few such variables have been considered for assessment of entrepreneurial

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orientation of a person. Some of these variables are discussed next. 1 .

Perceived venture opportunities: Bolton (1985) suggested that a person's preference to react to the business environment is rooted in one's personality.

Thus, how the opportunity is perceived depends on the individual to a great extent. According to Trucker (1985), identifying opportunity of tarring new venture is an entrepreneurial characteristic. . Perceived family support: The perception of a person about his or her family support for his/her entrepreneurial activity contributes to a person's entrepreneurial orientation. Various studies across cultures have demonstrated that a supportive extended family has a positive effect on entrepreneurial activities (Gravitates, 2008).

3. Social networking: It refers to the tendency to connect and interact with other people and is considered as an important psycho-social variable associated with entrepreneurial orientation (Terrain, 2007). . Entrepreneurial learning: Entrepreneurial learning refers to learning through such strategies that develop entrepreneurial orientation among students. Entrepreneurial courses also typically offer the opportunity to observe successful role models, and thus the opportunity for vicarious learning to take place.

Entrepreneurial learning can provide examples of the lifestyles and working styles of successful entrepreneurs that helps an individual to develop his/her own coping strategies.

These coping strategies help individuals to maintain motivation and control work or career-related anxiety, leading to higher expectations of success (Chaos et al. 2005). Recent studies have shown that entrepreneurial coeducation is an important tactic contributing to entrepreneurial orientation (Venereau et al. , 2007).

Many other researches have had very disappointing results regarding the investigations of general personal characteristics of entrepreneurs, entrepreneurial characteristics and personality profile (Cooper and Dungaree, 1987; McClellan, 1961; Sexton and Bowman-Upton, 1990) and their overall psychological traits.

The difference between entrepreneurial behavior and managerial behavior is the entrepreneurs' intentions towards the creative process (Bird, 1988). By examining the intentions, one can easily understand the behavior of entrepreneurs as to why they think, feel, and act in a way which is different from non-entrepreneurs. Some experts in this field have reported that entrepreneurs have different cognitive skills or abilities than non-entrepreneurs with regard to intentions to create new ventures (Business and Ala, 1996), to their decision-making process (How and Garland, 1983) and emergent search processes (Hayward et al. 2005; Scratchy, 2001).

Work on this field in the recent past has explored another field called entrepreneurial mindset. The concept of creative mindset is associated with the notion of creative entrepreneurial processes (Business and Ala, 1996; Wright et al. , 2000). The entrepreneurial mindset refers to seeking new opportunities passionately, pursuing opportunities with enormous discipline, a

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focus on execution and the ability to engage the energies of others towards a goal (McGrath and Macmillan, 2000).

Keeping this entrepreneurship mindset perspective in view, we assume that emotional intelligence may also contribute to our understanding of people who are able to innovate, discover, create and exploit opportunities.

This paradigm has already been demonstrated in the theory of emotional intelligence that demonstrates competencies of star performer, such as self-management and social management skills (Coleman, 1995). Global Business Review, 13, 1 (2012): 89-108 95 Coleman included a set of emotional competency skills in his framework of emotional competency inventory that are vital for achieving success in one's life.

Even Baron (2000) proposed that there are certain patterns of human behavior that contribute substantially to entrepreneurial success and development of new opportunities, such as decision making, problem solving and the self-regulation of behavior (Shame and Buenaventura, 2000). All these evidences point towards the conceptual link between emotional intelligence and entrepreneurial orientation. Emotional Intelligence and Entrepreneurial Orientation Emotional intelligence is an emerging topic for psychological, educational and management researchers and practitioners.

Salvoes and Mayer (1990) were probably the first to propose the concept of emotional intelligence.

They defined emotional intelligence as the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions,

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to discriminate among them and to use Tens International to guide one's twinkling actions. Emotional intelligence has been shown to contribute to effective leadership performance and teamwork through the demonstration of competencies in a stream of research available in the recent management literature (Botanists, 1982, 2006; catboats and salad, 2004; catboats et al. 2000, 2001 ; George, 2000; Coleman, 2000; Coleman et al. , 2002; Highs and Rowland, 2000; Gain and Sinai, 2004; Piranha et al. , 2008). In the words of Coleman (1995), emotional intelligence helps us to recognize our own feelings and those of others, to motivate ourselves and to manage our emotions and also emotions in our relationships with others.

In another investigation, Coleman (1998) pointed out that emotional competencies are the learned abilities based on emotional intelligence that result in star performance or outstanding performance.

These evidences points towards the link between emotional intelligence and entrepreneurial orientation. A person with high emotional intelligence can build up self-efficacy with calculated risk to create new business opportunities for running a self-owned enterprise. He or she can manage diversity, make independent decision and mobilize human resources for its optimum utilization (Coleman, 1998; Piranha, 2003). Bar-on (1997) mentioned that people with high emotional intelligence can manage stress, survive uncertainty and can restore health and well-being.

These are the abilities required for a person to become a successful entrepreneur.

Although many scholars (Covina and Sliven, 1991; Gardner et al. , 1992; Minimal, 1992; Sahara, 1993) have suggested for examining the behavior of entrepreneurs other than their personal/demographic differences, very little research focus has been here on emotional intelligence of entrepreneurs. Some studies reported that psychological characteristics of successful entrepreneurs somehow relate to emotional intelligence, that is, flexibility, need for achievement, tolerance of ambiguity, intuition, self-confidence and adaptation (Begley and Boyd, 1987).

Few researchers have examined intuition (intuitive personality) and creativity in their entrepreneurship-related researches (Alonso et al. , 2000; Bird, 1988; Garland, 1982; Angles et al.

, 2002). Watson et al. (2003) observed a strong link between interpersonal process and firms' growth and performance. Salesman's (1995) five components of emotional intelligence? self-awareness, self-regulation, motivating oneself, empathy and handling relationships? are based on competency approach. Selfsameness involves realistic assessment of self-ability and self-confidence.

Self-regulation refers being conscientious, avoiding any hindrance in task and recovering from emotional distress by managing emotions.

Motivating oneself refers to the tendency to drive one towards goal, to strive to improve and excel. Global Business Review, 13, 1 (2012): 89-108 Empathy is awareness of others' feelings, needs and concerns. Social skills involve showing desirable emotions to others. Thus, emotional intelligence reflects

the extent to which a person attends to, processes and acts upon
International AT an emotional nature: interpersonally and intrapersonally.

In a recent study on entrepreneurship research, Rhea and White (2007) reported that entrepreneurs are change catalysts to the new venture processes. They claim that successful young entrepreneurs possess a set of high level of emotional intelligence (by using Salovey's framework of emotional intelligence) skills such as self-confidence, trustworthiness, achievement orientations, service orientation, change catalyst, teamwork and collaboration.

Trustworthiness? the ability to maintain standards of honesty and integrity? was ranked highest among 18 emotional competencies.

It seems that a possible link exists between emotional intelligence and entrepreneurial personality or entrepreneurial orientation both at the conceptual and perceptual level. On the other side, the trait or an ability concept of emotional intelligence is based on mixed approach. It treats emotional intelligence as either ability or a personality trait. Salovey and Sluyter (2001) proposed a clear distinction between ability emotional intelligence and trait emotional intelligence.

Ability emotional intelligence refers to cognitive emotional ability and trait emotional intelligence refers to emotional self-efficacy.

Trait emotional intelligence refers to a constellation of behavioral dispositions and self-perceptions concerning one's ability to recognize process and utilize emotion-laden information. It is measured through self-

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report questionnaires and is considered as a personality trait, rather than a cognitive ability. It also measures how an individual thinks and behaves (Kamikazes et al. 2009).

From the given literature, it is clear that there is a need to undertake research on entrepreneurial orientation and emotional intelligence.

Is there any link between the two? Can emotional intelligence be treated as a part of one's entrepreneurial personality or orientation? Can there be any positive association between the two? These are some the research questions that need to be addressed in this study. Persons with high emotional intelligence tend to be more able to regulate their emotions (Wong and Law, 2002), and therefore experience more self-confidence and intro over their environmental demands, which in turn makes them act in an entrepreneurial way.

The present study aims to provide a preliminary insight in the link between entrepreneurial orientation and emotional intelligence. But till date, less effort has been put to assess the relationship between emotional intelligence and entrepreneurial orientation. Mari (2005) empirically demonstrated that a manager's ability to monitor his or her own feelings and thoughts have a positive effect on entrepreneurial behavior.

So, we assume that emotional intelligence may e considered as an important factor in predicting entrepreneurial orientation.

This dimension should be included while studying entrepreneurial orientation of technical students who are considered to be perspective techno-managers

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of a fast- growing country like India. Objectives On basis of the literature review and research gap analysis, the following objectives were formulated. The major objectives of the study were: (I) to examine the relationship between emotional intelligence and entrepreneurial orientation; and (it) to examine the influence of emotional intelligence on entrepreneurial orientation.