

RELEVANCE OF ENTREPRENEURIAL QUOTIENT IN DETERMINATION OF FUTURE ENTREPRENEURS

Authored
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Abstract

Any quotient explores the degree of specified quality or characteristics. The present era is surging ahead for entrepreneurial work culture, which is working on innovative and creative aspects of human genius towards economic growth and development. The economic growth depends on the entrepreneurial activity of the nation. All developed nations had done good progress on the entrepreneurial encouragement. The quotient like Intelligence quotient, Emotional quotient can predict with reliability, validity and help the researchers to find the interventions. The entrepreneurial quotient if it can be predicted with certainty would help the society to identify the entrepreneurial mindset and competencies to harness through interventions like entrepreneurship Development Programmes and eventually move towards economic growth and development of the nation. This research paper intends to explore the determinants for assessing the future entrepreneurs through entrepreneurial quotient (En.Q).

Keywords

Entrepreneurial Quotient, Economic growth and Entrepreneurship development programmes

Introduction

Throughout the history of nations, acquisition of economic growth depended on the efficient utilisation of its natural resources, proper management of human potential and definite entrepreneurial activities. Emerging economies had most critical input in taking these economies to still greater heights in the global markets would be the entrepreneurial mindset of their human resources (Kumar, 2012). The entrepreneurship had its origin from the ancient civilisations and to till date, with the human mindset to explore and conquer new markets. The early 16th century, the term 'Entrepreneur' took shape as a word for the persons engaged in military expeditions in French language as "Entreprendre" i.e., "to undertake" to modern economic growth initiator. Richard Cantillon while introducing this term associated with unique risk-bearing function in economies in the early 18th century. Jean-Baptiste Say (1827: 285-286), associated entrepreneurship with managerial functions like coordination, organisation and supervision. Joseph A. Schumpeter (1934:103), for the first time, assigned a crucial role of 'innovation' to the entrepreneur in his magnum opus 'Theory of Economic Development'. However, Schumpeter stressed the fact that development of product, exploring new market, supply of raw materials and organized form of industry unaccompanied by the ability to

innovate would not be sufficient to account for entrepreneurship (Gopakumar 1995:1-17). Lee and Peterson (2000, p. 402) pointed out that “entrepreneurship is generally defined as the creation of new enterprises”. For Timmons (1994, p. 7) it “is the process of creating or seeking an opportunity and pursuing it regardless of the resources currently controlled”. McDougall and Oviatt (1997, p. 293) defined it as “new and innovative activities that have the goal of value creation and growth in business organizations”. Stevenson and Jarillo (1990, p. 23) define entrepreneurship as “the process by which individuals – either on their own or inside organizations – pursue opportunities”. By entrepreneurial behaviour we are referring to behaviour that manages to combine innovation, risk-taking and proactivity (Tang et al., 2009). Entrepreneurship is not only linked to the birth of organizations or self-employment (Reynolds, 1991) but rather, according to research carried out at Harvard by Professor McClelland (1961), it has been claimed that it allows them to function properly. Thus, Stevenson and Jarillo (1990, p. 23) pointed out that “entrepreneurship is more than just starting new businesses. Entrepreneurial management may be seen as a mode of management different from traditional management”. Many managers are looking for ways to make their organizations more entrepreneurial in many aspects, ranging from overall strategic orientation to reward systems. Empirical research supports positive links between entrepreneurial activity and economic outcomes such as economic growth and innovation (Van Praag and Versloot, 2007). Entrepreneurs seek profit opportunities and therefore introduce ‘new combinations’ or innovations (Van Praag, 1999). Any successful completion of entrepreneurial tasks the associated skills need to be possessed or acquired by the individual.

Identifying the Entrepreneurial Skills

An entrepreneur does not mean rational behaviour (Zafirovski, 1999). According to this author “entrepreneurs are often induced by motives and impulses other than the rational pursuit of profit, such as power to create” (p. 363). However, entrepreneurs do need certain psychological, sociological and personal qualities (McClelland, 1961). These include creativity and proactiveness or a high capacity for anticipating opportunities and action orientation after failure, and for goal orientation and solution seeking – though it may be difficult. There is also the need for achievement (McClelland, 1961; Hsieh and Yen, 2005), individualistic behaviour and a willingness to take risks (Stearns and Hills, 1996), internal control and an independent spirit allowing freedom, autonomy and the ability to work for oneself; other traits include adaptability (Yang, 2008), boldness, leadership (Stearns and Hills, 1996), the entrepreneur’s role as an intermediary (Re´my and Kopel, 2002) and a capacity to learn (Guzma’n and Santos, 2001). Other qualities include organization and teamwork (Stearns and Hills, 1996), competitive aggressiveness or improving their position relative to other firms, a concern for not becoming unemployed, a capacity for delegating duties and not responsibilities. But other research has also been conducted that criticises the idea that personality is important in business success (Lee and Tsang, 2001). Creativity is defined as the ability to develop new ideas and to find new ways in opportunity creation (Zimmerer & Scarborough, 2008). In business, creativity can help business person to think out of the box to look for the opportunity and having creative ideas to innovate in order to keep their business grow. Entrepreneurs must be active and proactive to deliver their creative idea in advance before other people do the same (Al Jadi, 2009). We also observe that successful entrepreneurs seem to have certain traits in common like Personal characteristics, Interpersonal skills, Critical and creative thinking skills and practical skills.

Few of the entrepreneurial skills identified by the review of literature are as follows:

1. Risk Bearing capacity- Richard Cantillon
2. Innovative skills – Joseph A Schumpeter
3. Perseverance (Need for High Achievement)- David McClelland
4. Imitation or Re engineering skills – Kilby
5. Responsibility – Albert Shaperohas
6. Alertness to New Opportunities- Kirzner

Necessity for Quotients

Intelligence Quotient(I.Q)

The first Intelligence quotient (I.Q) test is designed by a French psychologist named Alfred Binet together with Victor Henri and Theodore Simon in 1905, published Binet-Simon test, to identify the mental retardation among similar age group of students. The I.Q is carried out in present day with number test series with high reliability and validity. The tests reveals the accurately to large extent the intelligence and applicability of cognitive skills in day to day activities. IQ scales are ordinal in scale. While one standard deviation is 15 points, and two SDs are 30 points, and so on, this does not imply that mental ability is linearly related to IQ, such that IQ 50 means half the cognitive ability of IQ 100. In particular, IQ points are not percentage points. On a related note, this fixed standard deviation means that the proportion of the population who have IQs in a particular range is theoretically fixed, and current Wechsler tests only give Full Scale IQs between 40 and 160. This should be borne in mind when considering reports of people with much higher IQs(Flanagan et al, 2004). Kaufman (2009) found interesting practical applicability of IQs when studied on Average adults combined IQs associated with real-life accomplishments by various tests as follows :-

Accomplishment	IQ score
MDs, JDs, and PhDs	125
College Graduates	112
High school graduates, skilled workers (e.g., electricians, cabinetmakers)	100

Source: Kaufman Brief Intelligence Test (KBIT)

Emotional Intelligence (E.I)

Michael Beldoch(1964) , first propounded the Emotional Intelligence but popularity came with the book by same title written by author and science journalist Daniel Goleman in the year 1995 . Emotional Intelligence is the summative of abilities, competencies and skills that signify a collection of knowledge in order to cope with life effectively. Therefore, it is closely related to the personal and professional growth of the individuals who have to take decisions under stressful and difficult situations. The model of emotional intelligence is a debatable topic among psychological researcher recently especially with reference to the way it affects today's workforce. Businesses are basically people, so anything that impacts the efficiency of people's minds also impacts the businesses they operate. Emotional intelligence, abbreviated as EI, refers to the ability to perceive, control and evaluate emotions. Some researchers suggest that emotional intelligence can be learned and strengthened, while others claim it is an inborn characteristic. Emotional Intelligence has generated great interest in scientific fields (Mayer & Salovey, 1997).

Goleman's	(2001)	Emotional Intelligence	Competencies
		SELF	OTHER
		Personal Competence	Social Competence
RECOGNITION	Self-Awareness Emotional Self-Awareness Accurate Self-Assessment Self-Confidence	Social Awareness Empathy Service Orientation Organizational Awareness	
REGULATION	Self-Management Self-Control Trustworthiness Conscientiousness Adaptability Achievement Drive Initiative	Relationship Management Developing Others Influence Communication Conflict Management Leadership Change Catalyst Building Bonds Teamwork and Collaboration	

In this application of emotional intelligence, Goleman subtly shifts his discourse from multiple intelligences to multiple competencies. He groups work competencies into three categories that include purely technical skills (such as accounting and business planning); cognitive (such as analytical reasoning); and competencies demonstrating emotional intelligence (such as the ability to work with others and effectiveness in leading change). Goleman argues that emotional intelligence has importance when work is uncertain, increasingly interdependent and knowledge based. Goleman further argues that in the new economy, emotional skills are required to establish conditions for sharing knowledge and developing trust which is vital for the development of functional teams.

Entrepreneurial Quotient

Refer to the Psychology Theory, the academic and entrepreneurial achievement of people are influenced by two factors, nature and nurture (Santrok 2002). Several important nature or genetics factors are intelligence, personality, creativity and interest including entrepreneurship interest, while the nurture factors is determined by the environment and the ecosystem of the surrounding . These nature factors will determined the success in business or in entrepreneurship activities (Chell, 2008). Intelligence is a single and general ability owned by a person in different levels and applied to several assignments (Ormrod, 2009). Sternberg's definition of human intelligence is mental activity directed toward purposive adaptation to, selection and shaping of, real-world environments relevant to one's life" (Sternberg, 1985). Intelligence is a potential within a person to learn, to deal with and to adapt the environment around him/her in order to solve the problems that come during his/her life(Antonio et al, 2013). Intelligence and creativity will affect to the decision making skill, while the individual personality will characterizes the problem solving ability (Russ, cited in Lanawati 2005). Innovative and creative thinking are dominant factors for the achievement of entrepreneurship student (Kent 1990). Knowing the influencing factor for entrepreneurship achievement will give the entrepreneurship enabler the right perspective to select prospective candidates and design the suitable entrepreneurship curriculum to assure the success factor of the entrepreneurship education and there is a significant correlation between personality level (PQ) and entrepreneurship achievement (EA) of the graduates (Antonio et al, 2013).

Bharadwaj et al,(2004) were selected as best paper titled " Creating entrepreneurs from the ranks of the unemployed" in Small Business Institute Conference identified that following determinants for entrepreneurial quotient – Adaptability, Managerial Traits, Risk Tolerance, Time Management, Creativity, Strategic Planning, Planning , Goal Orientation, Personality Traits like Extroversion, Intuition, Thinking and Perceiving. The Carlands (Carland & Carland, 1992; Carland, Carland et al., 1988) administered the Myers- Briggs Type Indicator(MBTI) and an independent innovation scale to samples of entrepreneurs, small business owners, and managers. They found that entrepreneurs scored higher on the innovation scale than small business owners did. Reynierse (1997) studied in detailed the personality traits of bureaucratic and entrepreneurs using MBTI, where entrepreneurs are more of

perceiving (P) type and bureaucrats are Judging (J) type. Bonet, Carlos and Miguel (2011) in their research paper “Entrepreneurial success and human resources” tried to determine factors that have an influence on HRM and entrepreneurial success in the context of European innovative small and medium-sized enterprises. They have found the characteristics of entrepreneurs like Self-confidence, Creativity, Dynamism and energy, Leadership, Experience, inter-personal skills, Independence, Initiative, Need for Achievement, Optimism, Profit motive, Perseverance to be essential for entrepreneurial success. The Myers-Briggs Type Indicator (MBTI) was used rather actively in entrepreneurship research in an effort to define and understand the entrepreneurial personality Mattare (2015).

THE MBTI AND ENTREPRENEURSHIP

The MBTI was developed by Katherine Briggs and Isabel Myers in response to Carl Jung’s theory of personality. Jung’s types: Extrovert vs. Introvert; Sensor vs. Intuitor; and Thinker vs. Feeler, were further developed by Isabel Briggs Myers and her mother, Katherine Cook Briggs. After years of research and testing, the resulting instrument -- the MBTI -- differentiates sixteen different types or preferences (Kroegeer 1992). The MBTI is the most commonly used personality assessment being used today. It is considered a valid and reliable instrument and has been used extensively in research (Carlson, 1985; Honaker, 2003; Myers, McCaulley et al. 1998).

The MBTI sorts preferences into sixteen different types, constructed from eight functions: Extraversion vs. Introversion; Sensing vs. Intuiting; Thinking vs. Feeling; and Judging vs. Perceiving. These types represent dimensions that are unique areas of differentiation on a continuous scale (Myers, McCaulley et al. 1998).

The MBTI dimensions are:

Extraversion vs. Introversion (E vs. I) or the source of energy of the individual; An Extraverted person finds energy and vitalization from exterior sources; other people and social occasions. The Introverted individual finds energy from within.

Sensing vs. Intuition (S vs. N) differentiates the process by which an individual utilizes their senses and perceives information. The S preference tends to deal with what may be perceived with the senses; the concrete, realistic, and practical. The N, however, although starting with the concrete, quickly moves to the abstract and dwells on possibilities, patterns, and symbols.

Thinking vs. Feeling (T vs. F) The T preference is associated with the analytical, logical, and skeptical approach rather than the F’s subjective assessments and people issues.

Judging vs. Perceiving (J vs. P) Js arrive at conclusions and make decisions quickly. Ps is more inclined to keep their options open to the very last minute. Ps tend to be more comfortable in the midst of a lot of change or rapid change. Markman, Baron and Balkin (2005) in their research paper “Are perseverance and self-efficacy costless? Assessing entrepreneurs’ regretful thinking” Results indicate that entrepreneurs score significantly higher on self-efficacy and on two distinct aspects of perseverance—perceived control over adversity and perceived responsibility regarding outcome of adversity—than did non-entrepreneurs.

The success of the entrepreneur would definitely depend on the Intelligence and Emotional competencies. The entrepreneurial mindset should explore the future uncertainties with intelligent and calculated risks, assessing the unpredictability with available resources. The perseverance and initial setbacks need to counter with stable mind for future growth in the venture. Thus, we can to large extent agree that high scores in Intelligence Quotient and Emotional Intelligence would add on to the entrepreneurial success.

CONCLUSION

One of the four key goals of the Strategic Framework for European cooperation in education and training "Education & Training 2020" is to increase creativity and innovation, including entrepreneurship skills at all levels of education and training. Entrepreneurship education is seen as an effort of educators to affect positively the motivation and students' attitude to entrepreneurship and therefore help develop skills important for being successful in business in the fields they are professionally trained for. The issue of entrepreneurship education should therefore be adequately reflected in the curriculum of training programmes, teaching methods and competency models (Krpálek, P., Krpálková Krellová, K., 2016). The identifying the entrepreneurial skills and determining the attributes for the effective entrepreneurial quotient would enable the nation to evaluate the working population whether they are inclined towards the entrepreneurship. If any significant inclination is found through the tests, the target population need to be given intensive Entrepreneurship Development programmes to harness the human potential for the economic growth and development. The Entrepreneurial development programmes to the least inclined population would result in wasteful utilisation of the training resources. The proper utilisation of the quotients like I.Q, E.I and En.Q will in long way promote the overall development of the human resource of the nation.

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