

# A survey of the relationship between EQ and organizational entrepreneurship of the employees of Bank Maskan in Kerman province (Iran)

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## Abstract

In recent decades, organizational entrepreneurship is taken into attention by researchers. The concept of organizational entrepreneurship is of great importance for the organizations in a new era, as well as the factors affecting the entrepreneurial orientation are. EQ as a variable related to the management of our own feelings and establishing the effective communication with others took our attention. One of the psychological variables in relation with organizational entrepreneurship is EQ. EQ is an array of non-cognitive capabilities, competencies, and skills that influence one's ability to succeed in coping with environmental demands and pressures. Based on the importance of organizational entrepreneurship and the effect of personality characteristics including EQ on organizational entrepreneurship, the present study attempted to evaluate the relation between EQ and organizational entrepreneurship in Bank Maskan of Kerman province. The present study is applied in terms of aim and it is descriptive-correlation in terms of method. The study population was the employees of Bank Maskan in Kerman province as 357 people. The sample size was selected randomly based on Cochran's formula, 185 employees of Bank Maskan in Kerman province. For data collection of EQ data, Shrink test was applied and to evaluate the organizational entrepreneurship, Dr. Moqimi questionnaire was used and their reliability by Cronbach's alpha were 0.89, 0.87, respectively. For data analysis, one-sample t-test and Pearson correlation analysis were applied and the results showed a positive and strong relation between EQ and organizational entrepreneurship.

**Keywords:** organizational entrepreneurship, Entrepreneurship, EQ.

## Introduction

Based on the considerable competition, rapid changes, new needs of the staffs and customers and improvement of traditional management methods for optimum use of the capabilities of the staffs, the current organizations attempted to consider entrepreneurship more. Although the organizational entrepreneurship is originated from entrepreneurship literature, organizational entrepreneurship as an independent concept found its position in management literature. The need of the organizations to entrepreneurial activity is originated from this factor that they considerably act in a dynamic and complex environment with rapid, fundamental and discontinuous changes and it shows the orientation of the staffs to entrepreneurial activity (Hornsby, *et al*, 1993). The success in the existing competitive environment in Iran banking industry requires the orientation to organizational entrepreneurship. On one hand, organizational entrepreneurship created a great distinction for the organizations in terms of competition. This concept can be applied to improve the competitive position in the markets and industrial and achieving some opportunities to innovative approach and it has considerable share in the success of the organizations. Innovation for the organizations searching for effectiveness is a fundamental need and most of the organizations follow the innovative and entrepreneurial approaches to improve the effectiveness, efficiency and flexibility. The organizational entrepreneurship is rapidly changing into a selective instrument for most of the organizations. Organizational entrepreneurship is

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an attempt to create entrepreneurial skills and entering these features inside the organization activities and culture (Stoner, Freeman, & Gilbert, 1995). Generally, it can be said that the main feature of the entrepreneurial organizations equips these organizations with some capabilities that by improving efficiency, can use the existing opportunities and adaptability with the surrounding environment (Stoner, Freeman, & Gilbert, 1995). One of the psychological variables related to organizational entrepreneurship is EQ. EQ is an array of non-cognitive capabilities, competencies, and skills that influence one's ability to succeed in coping with environmental demands and pressures (Bar-on, 1999). EQ is the ability to control our own emotional orientations, understanding the most private feelings of others, calm behavior in human relations with others, self-restraint, emotion, excitation and hard working. Since EQ was emerged, this was discussed in many fields. Indeed, the researchers attempted to find the relation between this factor and important factors in occupational and organizational success (Bar-On, 2005). It was defined that the role of personality features in formation of entrepreneurial decisions and quality improvement of innovative and entrepreneurial decisions is important (Brice, 2002). Based on the importance of organizational entrepreneurship and the effect of personality features including EQ on organizational entrepreneurship, the present study investigated the relation between EQ and organizational entrepreneurship in Bank Maskan of Kerman province and by identification of the EQ components being effective on organizational entrepreneurship, improved the condition of organizational entrepreneurship and innovative and entrepreneurial decisions and took an effective step toward the improvement of the efficiency of Bank Maskan of Kerman province.

## The theoretical basics and study hypotheses

### EQ

EQ is rooted in social intelligence and it was proposed for the first time by Trendik (1920). Social intelligence indicates the ability to understand and manage people in human relations. Some researchers considered EQ a kind of intelligence to know us and others and it helps to have a constructive relation in personal and work life with others. EQ determines how to manage our behavior, how to deal with the social problems and how to take decisions to lead into the positive results.

Salovey and Mayer's Definition: "Emotional Intelligence is a form of social intelligence and it is the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emo-

tions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth (Salovey and Mayer, 1990). EQ is more important for all the jobs in all levels compared to cognitive intelligence. Today, cognitive intelligence is used as the criterion for employment but EQ promotes the job (Goleman, 2001). It can be said that a person with high IQ and without EQ is a caricature of a wise person who has skillful mind with weak personal feeling. The people with high EQ, are more balanced and happy socially and they don't fear and try to express their feelings directly and they have positive thinking to themselves (Khaef Elahi and Dustar, 2003).

### EQ dimensions

EQ components from the view of Goleman are as following:

1- **Self-awareness:** Recognizing the emotions we feel them and know its reason. Self-awareness is being aware of the mental state and our thinking about the state.

2- **Self-regulation:** Emotional balance is self-regulation and controlling the feelings, emotions and pressures are the hallmarks of this aspect.

3- **Self-motivation:** It means being productive, effective and creative at work. In motivation, the emotions are tools to achieve the goals and criteria to give energy to others.

4- **Empathy:** The ability for empathy with the feeling of others and being aware of the needs and interest of others.

5- **Social skills:** Establishing effective communication, careful listening, participation and the ability for empathy with others (Khaef Elahi and Dustar, 2003).

### Entrepreneurship and organizational entrepreneurship

Some of the important definitions of entrepreneurship and organizational entrepreneurship are presented.

**Entrepreneurship:** The term "Entrepreneurship" is a new concept and literally its real meaning is not found. This term is originated from French into other languages (Ahmadpour Daryani, 1996). Hisrich and Peters (2002) defined entrepreneurship as: The process of creating new and valuable things by dedicating time and attempt, considering the financial, psychological and social risks and achieving the personal, financial satisfaction and autonomy.

**Organizational entrepreneurship:** For the first time, Collins and Moore (1970) have differentiated between "independent" and the entrepreneurs working in an organization and this group was called "administrative"

entrepreneurs. During the evolution of organizational entrepreneurship, various people and researchers applied different terms of administrative, corporate, collective, organizational, intra-corporate entrepreneurship. The term, organizational entrepreneurship, was first proposed by Pinchot (1985) and then the entrepreneurship studies were considerable in the organization and it attracted many researchers. Organizational entrepreneurship is the culture of creating innovation in products and services by using new ideas and venturing to achieve the desirable profit. In other words, it is the set of behavioral orientations and strategies under the support of organization culture and structure to improve and use people creativity and innovation leading into the permanent development and the excellence of the organization (Moqimi, 2009). Shapiro believed that organizational entrepreneurship is a multi-dimensional concept making the organization activities focus on product innovation, innovative approach in technology, venturing and being pioneer.

Entrepreneur organization is flexible to the internal and external changes and by aggressive strategies attempt to increase their innovations in competition with other competitors (Samad Aqayi, 2009). The organizational entrepreneurship is the orientation involving the organization in some activities to identify the opportunities successfully and invest on it. Organizational entrepreneurship provides the organizations with new business by entering the production or services market (Moqimi, 1998). The organizations trying to do organizational entrepreneurship successfully, need an entrepreneurial orientation.

Lumpkin and Dess (1996) identified five dimensions of entrepreneurial orientation, namely autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness and they had considerable effect on developing organizational entrepreneurship.

### *The dimensions of Organizational entrepreneurship*

Based on Lumpkin and Dess (1996) organizational entrepreneurship model, the organizational entrepreneurship dimensions are as following:

**Autonomy:** Autonomy is the personal or group independent action in developing an idea or vision and doing it. To improve the entrepreneurship, the companies involved in organizational structure changes as leveling the hierarchy and giving power to operational organizations (Lumpkin and DessG, 1996).

**Risk taking:** The new venture is one of the main features of entrepreneurship, as by re-definition of the products or services of the company or by development of the new markets leads into the new

venture inside the new organization. In the big companies, risk taking can lead into the formation of independent or semi-independent ventures. In all the organizations without considering the venturing of new business, the new business inside the existing organization without considering the autonomy is referred (Hisrich and Peters –Michael, 2005).

**Innovativeness:** Hisrich defined innovativeness presenting new ideas and changing them to new products or innovation services in services and product with emphasis on development and innovation in technology.

**Proactiveness:** First mover advantage in using the opportunities or entering the new markets, Being pioneer means increasing the organizational attempts that instead of following the competitors in business key positions (introducing the new product and services, applied technologies and administrative techniques) are pioneer.

**Competitive aggressiveness:** The competitive aggressiveness shows the propensity of a company to challenge the competitors for new entrance or improving their position. For example, we can refer to the company that decreased the price of their products in reaction to the competitive challenges.

### *The development of organizational entrepreneurship*

Some of the factors development the organizational entrepreneurship is as following (Sadler, 1999):

1- Definite goals, 2- Continuous work groups, 3- Decision making by trained personnel, 4- Reward and punishment system and flexible employment and promotion policies, 5- The reduction of bureaucratic processes, 6- Suitable job circulation, 7- Dynamic organizational structure, 8- Organizational autonomy, 9- Corporate decision making, 10- Dynamic operational environment, 11-Using the resources for innovation, 12-Considering the output instead of the input, 13-Great organizations have more resources for innovation.

### *Review of literature*

In recent decades, in management and entrepreneurship literature, there is increasing inclination for entrepreneurship study inside an active organization and it is called “corporate entrepreneurship” or “organizational entrepreneurship”. The term organizational entrepreneurship (entrepreneurship) was coined by Pinchot for the first time in 1985, by combining two concepts, entrepreneur and intra-corporate. The various studies showed that managing the feeling leads into the increase of self-confidence,

loyalty and commitment of the employees and organizational productivity, team function, job satisfaction, optimism, creativity, innovation and organizational communication are improved. One of the studies was about the effect of EQ of the managers on entrepreneurial orientation of the staffs conducted by Brundin *et al.* The present study showed the effect of emotional aspects of the managers on the orientation of the employees to the entrepreneurial act at work (Brundin, Patzelt, Shepherd, 2008).

### The purpose of the study

The main purpose of the study is determining the relation of EQ and organizational entrepreneurship of Bank Maskan in Kerman province. Based on the main purpose of the study, the minor purposes of the study are:

- Determining the relation between various dimensions of EQ and organizational entrepreneurship in Bank Maskan of Kerman province.
- Determining the condition of EQ and organizational entrepreneurship in Bank Maskan of Kerman province.

### Hypotheses of the study

Based on the main purpose of the study, the following hypothesis is investigated: There is a direct and significant relation between EQ and organizational entrepreneurship of the staffs of Bank Maskan in this province. Based on the five dimensions of EQ, the following sub-hypotheses are investigated:

- 1- There is a direct and significant relation between self-awareness and organizational entrepreneurship.
- 2- There is a direct and significant relation between self-regulation and organizational entrepreneurship.
- 3- There is a direct and significant relation between self-motivation and organizational entrepreneurship.
- 4- There is a direct and significant relation between empathy and organizational entrepreneurship.
- 5- There is a direct and significant relation between social skills and organizational entrepreneurship.

In order to investigate the condition of EQ variables and organizational entrepreneurship, the following hypotheses are investigated:

- 1- EQ of the staffs in Bank Maskan of Kerman was good.
- 2- organizational entrepreneurship of the staffs in Bank Maskan of Kerman was good

### The theoretical framework of the study

The theoretical framework was a conceptual model and emphasized on the theoretical relations among some of the factors as important in the study problem. This framework discusses about the internal relations between the variables important in dynamics of the investigated situation. Such conceptual framework helps the researcher to consider special relations, test them and improve his understanding in the dynamics of the situation of the study (Sekaran, 2002).

The theoretical framework of the study is shown in Figure 1.

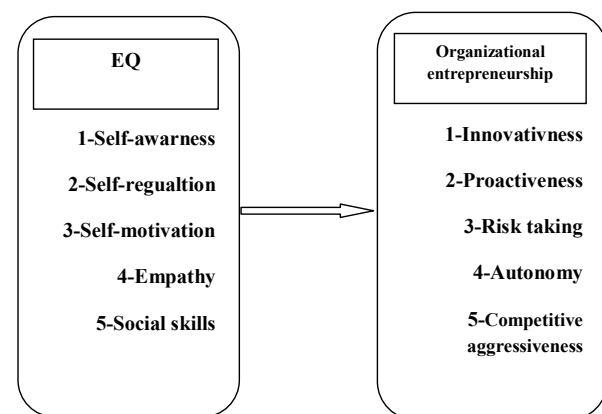


Figure 1. Theoretical framework of the study

### Methodology

As this study is done in real and objective organizations, the results can be applied in practice and it is an applied study in terms of the aim. As the relation between the variables is investigated, from data collection and nature is descriptive-correlation study. In a descriptive study, the feature of the studied population is tested via survey. The present study is a survey design.

### Population of the study

The study population of the present study was the employees working in Bank Maskan of Kerman province in 2013, 357 people and study sample size was determined in accordance with the following equation at confidence interval 95%, error 5%, and finally 185 people were selected. To select the sample, random stratified sampling was used.

$$n = \frac{\frac{z^2 pq}{d^2}}{1 + \frac{1}{N} \left( \frac{z^2 pq}{d^2} - 1 \right)} \quad (1)$$

### *The data collection measures and data analysis*

To complete the review of literature and theoretical basics, library method was applied and for data collection, the questionnaire was used. The applied questionnaires were attitude assessment measures based on five-item Likert scale. To collect the data of EQ, *Cyberia-Shrink Emotional Intelligence* test was applied. To evaluate the organizational entrepreneurship, Dr. Moqimi questionnaire was used and their reliability by Cronbach's alpha were 0.89, 0.87, respectively. The dimensions of organizational entrepreneurship questionnaire were as following:

Autonomy, Risk taking, Innovativeness, proactiveness and competitive aggressiveness. They were investigated by one-sample t-test and Pearson Correlation analysis. One-sample t-test was used to investigate the condition of EQ and organizational entrepreneurship. For data analysis of the questionnaire, SPSS social sciences software was used.

## Results

### *The findings of demographic features*

It is attempted to achieve the required data to achieve the study purposes of Bank Maskan of Kerman province. The study population of the present study was all the managers, chiefs, deputies and staffs of Bank Maskan of Kerman province in 50 branches (21 branches of Kerman town and 29 branches of other cities in Kerman province) and management of the branches in the province in 2013 including 357 people (310 men and 47 women). The findings showed that 86.8% were men and 13.2% women. 46.2% at age group 25 to 35 years old. 40.3% between 36 to 45 years old and 13.5% more than 45 years old. 30.3% of the staffs were associate and lower and 61.1% had BA and 8.6% had MA.

### *The findings of the study of hypotheses*

As it was said, the main purpose of the study was evaluation of the relation between EQ and organizational entrepreneurship of the staffs in Bank Maskan of Kerman province in 2013. The aim of

data collection of the questions and classification of them was full identification of the variables and the relation between them to make the required conclusion. The study data were analyzed by scientific methods for hypotheses test. The findings hypothesis was in two sections:

First section: The collected data were described. At first, descriptive statistics was used for data sorting.

Second section: The data were analyzed by suitable statistical test. The inference statistics aimed to make conclusion of the features of the population out of which the study sample is extracted. In this study, the analyses were done by SPSS software. The EQ components of the staffs were independent variable and organizational entrepreneurship was the dependent variable.

### *The data analysis about EQ condition*

By descriptive study methods (central measures and dispersion), the study data are described in this section. The study features of each of the dimensions of EQ are shown. The results of the study are shown in the related tables. To investigate the condition of independent variables (EQ) in the organization, based on 5-item Likert scale (moderate: 3), the study assumptions were considered and by one-sample t-student test, confidence level 95% was tested.

**Table 1. The study indices of the comments of study sample about EQ components**

Component	Mean	SD
Self-awareness	3.9474	0.4899
Self-regulation	3.4122	0.5753
Self-motivation	3.6961	0.8405
Empathy	3.6182	0.5535
Social skills	3.1652	0.4873
EQ	3.5631	0.5727

The results of Table 1 showed that the highest mean was dedicated to self-awareness of EQ and the lowest mean was dedicated to social skills of EQ. The final mean of EQ was 3.5631 with SD 0.5727.

**Table 2. The study of the general condition of EQ of the staffs of Bank Maskan of Kerman province**

Component	Mean	SD	Mean value=3			
			t-statistics	Degree of freedom	Sig	Mean difference
EQ	3.5631	0.5727	13.37	184	0.006	0.5631

The results of Table (2) showed the criterion of the comments of study sample with the mean 3.5631 and SD of 0.5727. As the significance level in the above test was less than 0.05, H<sub>0</sub> is rejected and H<sub>1</sub> is supported. Thus, the staffs of Bank Maskan of Kerman province had good EQ.

#### *The data analysis about the organizational entrepreneurship*

The results of Table (3) showed that the highest mean was dedicated to innovativeness approach and the lowest mean was dedicated to competitive aggressiveness. Also, the final mean of organizational entrepreneurship was 2.7868 with SD of 0.7416.

**Table 3. The study indices of the comments of sample people about the organizational entrepreneurship components**

Component	Mean	SD
Innovativeness	3.4324	0.8329
Proactiveness	3.1897	0.8653
Risk taking	2.7322	0.6987
Autonomy	2.8654	0.7782
competitive aggressiveness	2.1143	0.5749
organizational entrepreneurship	2.6878	0.7416

**Table 4. The study of the general condition of organizational entrepreneurship of the staffs in Bank Maskan of Kerman province**

Component	Mean	SD	Mean value=3			
			t-statistics	Degree of freedom	Sig	Mean difference
Organizational entrepreneurship	2.6878	0.7416	-5.78	184	0.066	-0.3122

The results of Table 4 showed the criterion of the comments of sample study with the mean 2.6878 and SD of 0.7416. As the significance level in the above test was more than 0.05, null hypothesis is supported. Thus, the staffs of Bank Maskan of Kerman province didn't have good organizational entrepreneurship.

#### *The analysis and hypotheses test*

Based on the normality of data distribution, to test this hypothesis, Pearson correlation test was used and its findings are shown in Table (5).

As is shown in Table 5, the significance level was equal to 0.001 and less than 0.05. Thus, it can be said that there is a direct and significant relation between EQ and organizational entrepreneurship.

To study the sub-hypotheses of the study, the study hypotheses similar to the main hypothesis were tested and the results are shown in Table 6. As is shown in the results of Table 6, there was a direct and significant relation between EQ and organizational entrepreneurship.

**Table 5. The results of the main hypothesis of the study**

Independent variable	Dependent variable	Pearson correlation	Significance level
EQ	organizational entrepreneurship	0.502	0.001

**Table 6. The results of the study of the relation between the dimensions of EQ and organizational entrepreneurship**

Independent variable	Pearson correlation	Significance level
Self-awareness	0.515	0.001
Self-regulation	0.405	0.002
Self-motivation	0.557	0.000
Empathy	0.602	0.000
Social skills	0.347	0.021
EQ	0.502	0.001

#### **Conclusion and recommendations**

The results of the study showed that there was a direct and significant relation between EQ as the most important personality features of people with organizational entrepreneurship and it means that the higher the EQ, they are more inclined to participate in organizational entrepreneurship. In other words, the people with high EQ are innovative, proactive and risk taker. The people who know the feelings well (self-awareness) can control their feeling (self-regulation) and they are self-motivated. The people with

the ability to have effective relation (social skill) are autonomous, proactive and innovative and they have competitive aggressiveness. Other results of the study are the fact that the staffs of Bank Maskan of Kerman province had above average EQ but their organizational entrepreneurship was not good.

Based on the results of the present study regarding the direct relation between EQ and organizational entrepreneurship and as EQ is acquired as a part of EQ is completed via experience, practice and attempt, it can be improved by education and learning. Thus, holding educational courses to make the staffs familiar with the concept of EQ and its effect on life is recommending.

By identification of people with high level of interpersonal relations, they are used in projects and group activities with more personal and social capabilities to understand the effect of EQ on the success of people, and in this way motivation for increasing and development of the skills and self-awareness and self-management capabilities is created. One of the major applications of the study is manifested in human resources activities. Generally, considering EQ variable in human resources processes (job analysis, absorption, employment, education, keeping, etc) can lead into useful results in entrepreneurial orientation of the staffs. For example, in the jobs analysis, for the jobs requiring the entrepreneurial orientation (based on the requirements of any job) EQ is used for employing people in suitable positions. If entrepreneurial orientation of applicants is important in employment for the organizations, they try to employ the people who are innovative, proactive, creative and risk taker. The investigation of their EQ can be a good variable to be ensured that the applicants are entrepreneur. In other words, the organizations by measuring the EQ of people during the employment know that they are creative and innovative. Also, the organizations can use EQ variable during the employment as a variable in employment strategies to choose creative, innovative, proactive, risk taker and first mover in the organization.

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