

A Case Study on Role of Emotional Intelligence on Risk Taking and Wealth Creation Behaviour among Women Entrepreneurs

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ARTICLE DETAILS

Article History

Published Online: 15 May 2019

Keywords

Emotional Intelligence, Entrepreneurs, Risk Taking Behaviour, Wealth Creation Behaviour.

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ABSTRACT

Entrepreneurs are risk takers and wealth creators in society. They undertake risks, uncertainties by venturing out of established path of business. They generate employment and create wealth which greatly benefit themselves as well as the society. Lot of factors are said to influence such entrepreneurial behaviour; but one factor that has been identified recently as having significant relationship, is emotional intelligence. This paper draws on the concept of emotional intelligence as developed in Indian context. It investigates how emotional intelligence influences the risk taking and wealth creation behavior or abilities of women entrepreneurs. Analysing a sample of 82 women entrepreneurs, this study correlates emotional intelligence with entrepreneurial behaviour.

1. Introduction

Peter Salovey and John Mayer (1990) originally conceived emotional intelligence (EI) but later they redefined it as: 'the ability to perceive emotions, to access and generate emotions to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions to promote emotional and intellectual growth' (Mayer & Salovey, 1997). Since then research has gone ahead to define, redefine and explore various components of EI. In India, Dr. Dalip Singh (2003) defined EI as the *ability* of an individual to appropriately and successfully respond to a vast majority of emotional stimuli being elicited from the inner self and immediate environment. He further stated that it constitutes of three psychological dimensions – emotional competency, emotional maturity and emotional sensitivity (Singh, 2003). He claimed that this definition holds good for various professions in the Indian context. Entrepreneurship, on the other hand, is the process of planning, starting and running a new business, which is often initially a small business or enterprise. The people who start these businesses or enterprises are called entrepreneurs. The opportunity to become an entrepreneur requires several criteria but two of them are noteworthy, such as, risk taking and wealth creation. Risk taking could take different forms: risks which can be statistically measurable, ambiguity which is hard to measure and true uncertainty which is impossible to estimate. Many have expressed that entrepreneurs are those who combine different factors of production and thereby, create wealth. In other words, entrepreneurs undertake risks and as rewards earn profits and thereby create wealth. Earlier, entrepreneurship was very much confined to the domain of men but during past several decades it has been noticed that women have ventured out to be successful entrepreneurs. This paper carries out an empirical analysis on the role of emotional intelligence on risk taking and wealth creation of entrepreneurs.

2. Methodology

2.1 Basic questions identified

There are two basic questions that were identified at the advent of this study.

- Whether EI influences entrepreneurial behaviour among women and, if so, to what extent?
- To what extent EI influences risk taking and wealth creation of women entrepreneurs?

These questions have been investigated taking a sample of eighty-two women entrepreneurs in Birbhum district, West Bengal. These entrepreneurs may be termed more as imitative entrepreneurs. They have shown significant strides in taking risks and creation of wealth.

2.2 Objectives

The objectives of this study have been laid out as follows:

- To identify and measure the level of emotional intelligence (EI) and
- To statistically analyse whether and how EI and its component factors influence(s) the risk taking and wealth creation behaviour of the respondents.

2.3 Hypotheses

Having laid out clearly the different objectives, the present study constructed the following two hypotheses for testing among the respondents:

- H₀₁** - There exists no significant relationship between EI and risk taking behaviour of the respondents.
H₀₂ - There exists no significant relationship between EI and wealth creation ability of the respondents.

Both the hypotheses have been tested by means of structured questionnaires that have been administered among the respondents.

2.4 Sample selection

Birbhum is one of the districts of West Bengal sharing 5.12 per cent of the land area of the state. The population increased from 30.15 lakhs (2001) to 35.02 lakhs (2011) registering 16.15 per cent growth rate. Out of this 35.02 lakhs women population is 17.11 lakh. There are places in the district which have high population density resulting in lower per capita availability of

agricultural land. Furthermore, deprived of industry and employment opportunities, women have resorted to trading and manufacturing entrepreneurial activities. They are imitative entrepreneurs rather than innovative in nature. They are the sole owners of their enterprises and bear the entire risk involved in it. Hence, the women entrepreneurs of Birbhum district have been selected as the sample for this study. A total of eighty-two of them have been covered as sample for this study.

2.5 Collection of data

The respondents were interviewed personally with structured questionnaires. Efforts were made to ensure that at least two blocks have been covered from each of the three subdivisions of Birbhum district. Pilot study was conducted with 20 respondents in order to finalise questionnaires.

2.6 Statistical tools and techniques

Data have been analysed with the help of Statistical Package of Social Sciences (SPSS). Correlation, regression analysis, *t* tests and other relevant tests have been applied to analyse the data.

3. Analysis and Discussion

All the eighty-two respondents are women. Their ages vary from 36 to 62 years with mean of 49 and standard deviation of 6.94. The standard deviation of 6.94 indicates that the age of respondents is fairly dispersed. When the risk taking ability was tabulated it was noticed that as many as 42 respondents scored high in risk taking propensity; while 22 of them take moderate risks. A few of them i.e. 10, as the data reveals, score very high in taking risks for their activities. This is evident from Table 1.

**Table-1
Distribution and Measurement of Risk Taking Behaviour**

	Distribution	No. of respondents	Percentage
1	Very high	10	12
2	High	42	51
3	Moderately high	22	27
4	Moderately low	4	5
5	Low	3	4
6	Very low	1	1
Total		82	100

Source: Primary data

**Table-2
Distribution and Measurement of Wealth Creation Behaviour**

	Distribution	No. of respondents	Percentage
1	Very high	22	27
2	High	32	39
3	Moderately high	16	20
4	Moderately low	9	11
5	Low	2	2
6	Very low	1	1
Total		82	100

Source: Primary data

On the other hand, when scoring was calculated for wealth creation ability of these women entrepreneurs, it was observed that as many as 22 of them showed very high score in creation of wealth for their family and themselves through their entrepreneurial activities. Thirty two of them scored high in this measure and 16 of them scored moderately high. Thus, it is evident that 86% of them have prospered financially through their entrepreneurial activities.

Each of the respondents' total EI is computed with the help of the scoring sheet and subsequently, a percentile mark is determined. It is very impressive to see that 24 of the respondents scored 'very high' in EI. It is observed that as many as 41 of them have high level scores in EI; while 16 of them scored moderately high. The mean score is 257.63 (with a minimum of 190 and a maximum of 290).

**Table-3
Distribution and Measurement of Emotional Intelligence**

	Distribution	No. of respondents	Percentage	Score	Percentile
1	Very high EI	24	29	285 and above	P-90
2	High EI	41	50	250 – 284	P-75
3	Moderate EI	16	20	200 – 249	P-50
4	Low EI	1	1	150 – 199	P-40
5	Try again	Nil	N.A.	149 and below	P-15
Total		82	100		

Source: Primary data

Having gathered some ideas about the entrepreneurial ability and emotional intelligence scores of the respondents, the next step is to consider different variables independently and identify whether any relationship exists between them and if so, to what extent. For this part of the analysis, correlation, regression, *t* test, and other relevant tests have been used.

3.1 Emotional intelligence and risk taking behavior

It has been pointed out earlier that entrepreneurial behaviour is explained in terms of risk taking and wealth creation behaviour.

Table-4
Correlation between EI and risk taking behaviour

		EI	Risk taking behaviour
Emotional Intelligence	Pearson Correlation	1.000	0.420**
	Sig. (2-tailed)	--	0.000
Risk taking behaviour	Pearson Correlation	0.420**	1.000
	Sig. (2-tailed)	0.000	--

**Correlation is significant at the 0.01 level

Table 4 indicates the value of correlation coefficient (*r*) between EI and risk taking behaviour which is found to be 0.420. It further indicates that such correlation is significant at 99 per cent confidence level ($p < 0.01$). This measure of association is found to be extremely strong. Therefore, the first null hypothesis that there exists no significant relationship

between emotional intelligence and risk taking behaviour of the respondents is rejected. Further, Regression analysis is done which indicates if EI is able to explain variance in risk taking behaviour and, if so, to what extent. The summary of the exercise is given in Table 5.

Table-5
Model Summary^b

R	R ²	Change Statistics		
		R Square Change	F Change	Sig. F Change
0.420 ^a	0.176	0.176	16.667	0.000

a. Predictors: (Constant), Emotional Intelligence
b. Dependent Variable: Risk taking behaviour

From table 5 it is clear that EI is able to explain 17.6 per cent of the variance in risk taking behaviour ($R^2 = 0.176$; $F =$

16.667; $p < 0.01$). Since the exercise is found to be statistically significant let us take a look at the parameters.

Table-6
Coefficients^a

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	28.59	2.32		12.28	0.000
EI	0.04	0.01	0.42	4.08	0.000

a. Dependent Variable: Risk taking behaviour

With the help of table 6 a simple regression equation may be presented as follows:

$$Y = 28.59 + 0.4 (Xi)$$

Y refers to the risk taking behaviour which is the outcome and Xi refers to the predictor i.e. emotional intelligence.

3.2 Emotional intelligence and wealth creation behaviour

It is found from table 7 that Person's correlation coefficient (*r*) is found to be 0.246. This is found to be statistically significant at 95 per cent confidence level. The value of *r* would not be 0.246 if there is no significant correlation between EI and wealth creation ability of the respondents. Therefore, the second null hypothesis that there exists no significant relationship between emotional intelligence and wealth creation ability of the respondents is rejected.

Table-7
Correlation between EI and wealth creation behaviour

		EI	Wealth creation behaviour
Emotional Intelligence	Pearson Correlation	1.000	0.246**

	Sig. (2-tailed)	--	0.000	
Wealth creation behaviour	Pearson Correlation	0.246**	1.000	
	Sig. (2-tailed)	0.000	--	

**Correlation is significant at the 0.05 level

Regression analysis is made to assess whether such association is strong enough to predict or estimate wealth creation ability. For this purpose, EI is taken to be independent

variable and wealth creation is taken to be the outcome. Simple regression analysis has been used for this purpose. The summary of exercise is given in table 8:

Table-8
Model Summary^b

R	R ²	Change Statistics		
		R Square Change	F Change	Sig. F Change
0.246 ^a	0.060	0.060	5.009	0.028

a. Predictors: (Constant), Emotional Intelligence

b. Dependent Variable: Wealth creation behaviour

The table above indicates that the value of R² is 0.060 i.e. EI is able to explain 6 per cent of variance in wealth creation ability. Though the degree of prediction is not very high, the model is found to be statistically significant. An important aspect that must be considered as we try to conclude is that, these respondents work outside established organisational structures. Factors such as diversity in their personalities, the struggles of constant change in the market, increasing cost of raw materials, social stigma attached to womanhood, lack of

financial security for future, the socio-economic background of the respondents etc. have discounted the influence of EI on wealth creation. In spite of all these odds emotional intelligence is found to explain a considerable proportion of variance in wealth creation in case of these women entrepreneurs.

The next part of the analysis is concerned with the parameters of the exercise. This is given in table 9.

Table-9
Coefficients^a

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	63.83	5.37		11.9	0.00
EI	0.05	0.02	0.25	2.24	0.03

a. Dependent Variable: Wealth creation behaviour

The simple regression equation may be presented as follows:

$$Y = 63.83 + 0.05 (X_i)$$

In the equation mentioned above, Y refers to dependent variable (i.e. wealth creation ability) while X is the predictor (i.e. emotional intelligence). b_0 is the constant or Y intercept (63.83) and b_1 is the slope (0.05). If the value of X is 200 then the estimated value of Y is = $63.83 + 0.050 \times 200 = 73.83$ or 74. In other words it may be said that if a respondent possesses moderate EI (i.e. 200) she is expected to score moderately high in wealth creation ability (i.e. 74).

4. Conclusion

It has also been noted that EI largely contributes to risk taking behaviour and wealth creation ability. As EI is found to predict a significant portion of risk taking behaviour as well as wealth creation ability of an individual it is quite expected that the entrepreneurial behaviour, may be enhanced through the development of EI. The present study focused on women entrepreneurs. What these entrepreneurs achieved in life by

taking risks is the reason that their children are studying in schools, their family needs have been taken care, they have some social standing because of their entrepreneurial skills. These women entrepreneurs have not received any specific training; but they have learnt by doing and engaging themselves in risk taking. Today in our country there is high level of unemployment. People, without stable incomes, end up in becoming anti socials, cheats etc. But these women entrepreneurs started off at a very low ebb with their limited pocket money, took risks and eventually created the wealth that otherwise could not have been created. Government needs to support people who show such high risk taking behaviour through insurance schemes, social security, providing subsidy to their children in terms of educational expenses etc. Today jobs are scarce. So, the only way to develop the society is to engage in greater amount of employment generation through small entrepreneurial activities. Governments, NGOs, trusts, societies etc must come forward to support the women of the households as they are the bread earners of most of the rural households. This will escalate welfare within the society. Even self-help groups must

play crucial roles in supporting the women folks. All these endeavours will eventually strengthen the social fabric of our country.

5. Limitations

Though the study has achieved its noted objectives it is important to discuss the limitations of this academic endeavour. First, it must be mentioned here that due to social barriers it was not possible to discuss things at length with the respondents. Had the study been conducted by a woman more information could have been collected. Second, meeting women from poor and ordinary homes was a great challenge. In most cases such meetings took places in the presence of the husbands, males of the household and even sometimes

village people. Such a crowd often made it difficult to collect information and discuss relevant matters at length with the respondents. Third, many of these women entrepreneurs was little literate or had very little education. So, it was challenging to explain things to them.

6. Future Research

There is ample scope of future research. EI needs to be correlated with other aspects of entrepreneurship such as, innovative destruction, personality etc. Studies must focus on women from different other communities including minorities. Also studying entrepreneurship behaviour across different religions will surely give us new insights.

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