

Chapter 9

Becoming a Successful Entrepreneur through Emotional Intelligence Development

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ABSTRACT

Networking is a must-do activity for entrepreneurs as professional contacts link entrepreneurs with critical opportunities, support and resources. In consequence, it is essential to investigate entrepreneurial behavior in terms of networking practices and predictors. Emotional Intelligence (EI) is an important factor in the prediction of entrepreneurial outcomes and behavior. Given the social nature of entrepreneurial activities, EI can predict entrepreneurial success. In this context, this chapter adds to the literature by evaluating how emotional intelligence supports proactive networking behavior amongst successful entrepreneurs. A quantitative and qualitative research study was conducted to collect detailed information about trait EI and networking behavior and activities of local entrepreneurs. Managerial implications of our research findings relate to the fact that emotional intelligence has positive effect on proactive networking behavior. This might indicate that entrepreneurs with higher scores in these components will proactively manage their professional networks. Therefore, this research offers several practical implications for understanding successful entrepreneurship and for entrepreneurship education.

INTRODUCTION

With no doubt, the route to growth and economic recovery depends on creating more businesses and having a workforce with the skills to support business start-ups. Entrepreneurship and economic recovery are two sides of the same coin. Entrepre-

neurship, as a special form of employability, is an important mechanism permeating the knowledge filter to facilitate the spillover of knowledge thus generating economic growth (Audretsch, 2007). As professional networks are key factors to help coping with economic uncertainty, entrepreneurs must network to survive.

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Brass, Galskiewicz, Greve and Tsai (2004) define a network as a set of actors and the set of ties representing some relationship, or lack thereof, between the actors. In the business world, a network usually involves contacts with a variety of colleagues for the purpose of mutual work benefits and they are important for accomplishing tasks and professional development (Linehan & Scullion, 2008; Bartol & Scullion, 2008). Thus, professional networks include contacts in different categories: professionals of the same industry, professionals of other industries, suppliers, customers, financial institutions, governmental institutions, competitors and other companies' partners. These relationships take considerable effort and time to establish and sustain (Sowon, 2013); therefore it is important to confirm which factors can have a positive and certain impact on successful networking strategies.

In the academic literature, the value of a professional network is widely acknowledged. The importance of networking is highlighted in many industries (manufacturing, retail and trade, innovation or development areas) and on different levels (see, for example, De Klerk and Saayman, 2012). Some benefits of these relationships include access to other's information, advice, influence, and resources not available via market transactions (Hoang & Antoncic, 2003; Ostgaard & Birley, 1994). It can also help the company to achieve economies of scale (Mancinelli & Mazzanti, 2008). Thus, managerial implications relate to the fact that business networking is a key asset for the competitive advantage of a company, business survival, growth and return on equity (Mitrega, Forkmann, Ramos & Henneberg, 2012; Watson, 2007). Despite these evidences, some findings indicate that the business advantages of social networking are still undervalued (Bennett, Owers, Pitt & Tucker 2010) and that, sometimes, networking does not lead to anticipated outcomes as relationship might fail to develop (Sowon, 2013).

Authors such as Treadway et al. (2010) suggest that socioeconomic and managerial status

could explain an important part of the levels of networking behavior, but also come other factors, such as skill and motivation, need to be considered, as they operate interactively and assesses the interactive impact of political skill (the ability to interact effectively with others). In addition, their findings indicate that in general individuals with a high politically-skill level would find networking behaviors less difficult and more rewarding.

Muscanell and Guadagno (2012) and, Wolff and Kim (2012) found that networking behavior is influenced by personality dimensions (i.e., extraversion, agreeableness, openness to experience). Correa, Willard and Gil (2010) correlate individuals' personality traits and emotional stability with the use of networks. In a parallel way, emotional intelligence (EI), as the ability to detect, use, understand and manage emotions, is increasingly becoming significant in social networking (Chopra & Kanju, 2010) or "an array of noncognitive capabilities, competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures" (Bar-On, 1997, p. 14).

These social competences are important in the workplace for interpersonal effectiveness (Cherniss, 2000), are a good predictor of organizational outcomes (Daus & Ashkanasy, 2005), and have an important role in productivity and effectiveness of the organizations; therefore, professionals with high emotional intelligence must be considered invaluable assets (Carmeli, 2003). According to the results of Ahmetoglu, Leutner and Chamorro (2011), more emotionally intelligent individuals are more likely to engage in innovative entrepreneurial activities and usually have higher creative personalities. In a highly competitive economy, successful entrepreneurs will be the ones who effectively manage their networks and build strong relationships (Bhattacharyya, 2010). In the case of family owned business emotional and social intelligence lead to a shared vision and a dramatic increase in success, as illustrated by Boyatzis and Soler (2012).

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