

# An Investigation of Emotional Intelligence and Entrepreneurs' Innovativeness on Business Performance: A Study of Small and Medium Scale Enterprises in Lagos State, Nigeria

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## Abstract

Emotional intelligence and entrepreneurs' innovativeness is an intricate necessity for any business entity to grow and survive. Nevertheless, the interrelationship among emotional intelligence, entrepreneurs' innovativeness and business performance in the context of small and medium scale enterprises have been scarcely studied in Nigeria. This study examined the effect of emotional intelligence and entrepreneurs' innovativeness on business performance of small and medium scale enterprises in Lagos state, Nigeria. To achieve the objective, cross sectional survey research design was used. Multistage sampling consisting of participative and convenience sampling techniques was used in drawing sample for the study. Information was collected from the respondents with the aid of a structured questionnaire. The finding of the study indicates positive and significant relationship among emotional intelligence, entrepreneurs' innovativeness, and business performance. Similarly, both emotional intelligence and entrepreneurs' innovativeness individually and collectively influence business performance of small and medium scale enterprises. In addition, emotional intelligence was found to be insignificantly different among male and female entrepreneurs. The study concludes that for small and medium scale entrepreneurs' to thrive and develop emotional intelligence and innovativeness are critical. The study therefore, recommended that business entrepreneurs' should develop the necessary emotional intelligence and innovativeness competence to prosper.

**Keywords:** Entrepreneurship, Emotional Intelligence, entrepreneurs' innovativeness, business performance, and small and medium scale industry.

## 1.1 Background to the Study

The notion of innovation as a practice has come a long way since Drucker shared his thoughts in the 1980s on how innovation propels economic growth. Similarly, the global economy has driven the need for innovative performance to the top of corporate executives' agendas. Literarily, innovation is the successful development of competitive advantage and as such vital to entrepreneurship development; because it is the manifestation of innovation that distinguishes the entrepreneur from others. According to Drucker (1985), innovation is the instrument of entrepreneurship and as the addition of something novel to an existing product or process. Innovation is a fundamental desire for business organizations which is founded on the desire of business entity to survive and operate effectively. As a result, many organizations small or large entity are deeply looking for innovative and entrepreneurial approaches to enhance their effectiveness, efficiency and flexibility. In order to ensure firm's effectiveness and efficiency the existing approaches and practices of entrepreneurial drive are no longer sufficient. In this regard, emotional intelligence and innovativeness are becoming crucial issues in improving business performance. The notion of "entrepreneur" has, since the initiation of the expression, been regarded as the source of entrepreneurship. Cantillon in 1755 was credited as the first scholar that created the term 'entrepreneur' to label the activities of farmers who took risks to reap future economic benefits (Schumpeter, 1934). According to Schumpeter (1934), entrepreneurs' risk-taking and innovative drive were responsible for generating opportunities for business enterprises. In the opinion of Kecharananta and Baker (1999), an entrepreneur is an individual who continuously brings into being something novel (Cross & Travaglione, 2003). Thus, entrepreneurship in the 21st century has become the emblem of business drive and accomplishment (Kirzner, 2015).

In the contemporary era, it is vital that businesses understand the influence of entrepreneurial leadership as a basis for profitable growth (Hitt, Ireland, Sirmon, & Trahms, 2011). Nonetheless, the increasing complexity in the working practices and the competitive business environment, firms are facing several challenges which comprise creativity capabilities when faced with entrepreneurial opportunities (Redmond, Mumford, & Teach, 1993). This can be a human competence challenge for entrepreneurial leaders and which is indispensable in facilitating creativity essential for sensing profitable business idea and opportunities. In general, when people feel more positive about their capability to accomplish a definite goal, it improves their inspiration and decision-making skills (George, 2000). Thus, in any business environment, entrepreneurs are challenged to manage their

own emotions as well as the emotions of those they coordinate to create an enabling environment that promotes creativity in the organization. Of all mental features that can upset an individual's decision-making, the association between an individual's cognitive (broadly: reasoning) and emotional functioning is impossible to overlook, because decision-making is fostered by their interrelation (Das, 2008).

Recently, academics and business practitioners have demonstrated great interest in the notion of emotional intelligence (EI), a characteristic that was first regarded as a measure that intensified mental capabilities resulting from the cognitive-emotional functioning of the mind (Salovey & Sluyter, 1997). Scholars such as Cross and Travaglione (2003) and Zampetakis Beldekos and Moustkis (2009) have established that entrepreneurship emotional intelligence contributes positively toward an individual's entrepreneurial behavior. Literarily, Emotional Intelligence (EI) refers to the mental procedures involved in the recognition, use, understanding, and management of one's own and others' emotional conditions to resolve problems and control human behavior (Mayer & Salovey, 1997).

In the scientific psychological literature, Emotional Intelligence was presented by Salovey and Mayer, in 1990, and later popularized by Goleman (1995). Over the years, numerous scholars have offered definitions of Emotional Intelligence (Bar-On, 1997). The most widely used definition is the one offered by Salovey and Mayer (1990). According to these scholars, Emotional Intelligence is a form of social and personal intelligence concerning the capability to monitor one's own and others' feelings and emotions, to distinguish among them and to utilize this information to monitor one's thinking and actions. In a subsequent study conducted by the authors they modified the definition on the basis of four interconnected dimensions: perception, appraisal, and expression of emotions; emotion facilitation of thinking; understanding and analyzing emotional information, employing emotional knowledge; and regulation of emotions (Mayer & Salovey, 2000).

Accordingly, entrepreneurs that build high notch of emotional intelligence will be more adept in creativity that will lead to innovativeness. Thus, without innovation business organization and what it delivers quickly become obsolete. In other words, business organizations that fail to innovate will not only fail in enhancing its performance but will not be in a better position to stand competitive challenges. The underlying rationale for improved business performance is the pursuit to build on major success factors (such as assets and skills, innovativeness, resource capability, and knowledge management among others) that may offer businesses with a competitive advantage and hence, drive firm profitability. In assessing firm performance, different notions are used (Sirilli, 1987). Most of the times, emphasizes are on financial (such as return on assets, return on equity, excess market value and average market value and non-financial (e.g. sales per employee, export per employee, growth rates of sales, distribution network growth, and patronage level etc.) measure of business performance (Sirilli, 1987; Thomas and Eden, 2004). In general, a blend of financial and non-financial measures is vital to describe the overall position of the organization in term of its performance (Laitinen, 2002).

## 1.2 Statement of the Problem

The competition in the business place is growing faster than expected, thus, firms around the world are in search of solutions that will give them the competitive advantage. Review of literature revealed that entrepreneurial emotional intelligence plays a starring role in managing team relationship to build an enabling environment for creativity and innovation for improved business performance. Nonetheless, emotional intelligence of entrepreneurship much more than having a pleasant personality require a resilient mental and stable emotion for an entrepreneur to be able to face the competition (Ghorbani, Johari & Moghadam, 2012). In reality, Emotional Intelligence upset every aspect of our human lives; relationships with others either personal or professional life (Modassir & Singh 2008). Similarly, an entrepreneurs that is unable fully utilize EI would diminish entrepreneurs' opportunity to innovation and by extension experience declining business performance (Ghorbani *et al.*, 2012). In other words, Emotional Intelligence is very imperative for entrepreneurs to be innovative and engage innovative work behavior (Yitshaki-Hagai & Rothstein, 2011). In addition, an entrepreneur that lacks emotional intelligence may find it difficult to understand consumer's needs and wants (Fukuda, 2011) difficulty in evoking subordinate performances by appealing to the higher needs of the subordinates (Kuratko, Hornsby, & Goldsby, 2007), the immediate consequences of the aforementioned is declining business performance.

As earlier noted, entrepreneurs' capability to be successful is contingent on their resilience and ability to innovate. Research has also established that emotional intelligence has positive association with a number of workplace outcomes, such as job performance and job satisfaction (Zampetakis *et al.*, 2009; Ahmetoglu, Leutner, & Chamorro-Premuzic, 2011). Notwithstanding this recognition the role of emotional intelligence in stimulating entrepreneurs' innovativeness is yet to be fully explored in the entrepreneurial research (Ahmetoglu *et al.*, 2011; Roxana, Pilar, Carla, & Consuelo, 2014). Also by virtue of the developing nature of Nigeria's economy small and medium scale enterprises dominate the business world. Thus, if entrepreneurs are going to be an integral part of the answer to the current challenges Nigeria is facing, the actors must be prepared to develop their emotional intelligence and innovativeness. Therefore, by incorporating innovative ideas in business quickly became a proactive approach to improve their business performance and even transform into larger business

entity.

### 1.3 Objectives of the Study

The aim of this study is investigate emotional intelligence, entrepreneur's innovation and business performance of small and medium scale enterprises within Lagos state metropolis. Specific objectives of the study are to:

1. Investigate the relationship among emotional intelligence, entrepreneur's innovation and business performance of small and medium scale enterprises in Lagos state.
2. Examine if emotional intelligence and entrepreneurs' innovation will not significantly influence business performance of small and medium scale enterprises in Lagos state.
3. Determine if the level of emotional intelligence is not significantly different among male and female entrepreneurs 'of small and medium scale enterprises in Lagos state.

### 1.4 Research Hypotheses

1. There is no significant relationship among emotional intelligence, entrepreneur's innovation and business performance of small and medium scale enterprises in Lagos state.
2. Emotional intelligence and entrepreneurs' innovation will not significantly influence business performance of small and medium scale enterprises in Lagos state.
3. The level of emotional intelligence is not significantly different among male and female entrepreneurs' of small and medium scale enterprises in Lagos state.

### 2.1 Theories Related to Entrepreneurship Development

Scholars have developed a number of theories to function as platform for the explanation of the notion of entrepreneurship. Joseph Schumpeter (1951) promoted the theory of creative destruction which is motivated by how the entrepreneur's boost innovation and expansion that creates disruption and change. Entrepreneurship, in the opinion of Schumpeter (1951) employs factors of production (such as land, labor, and capital) to spread "inspired innovation" which impacts societal attitudes, strengthening, and rewards system. Drucker (1985) sponsors the "creative imitation theory" which stressed the idea of how change facilitates the recreation, response and utilization of opportunities by people at any given time. Inkele and Smith's (1974) suggested need-to-improve theory to improve understanding of entrepreneurial development. According to this scholar, the exploratory behavior of entrepreneurs motivates them to continually pursue innovative thoughts and better approaches that will improve business opportunities. Kirzner (1973) promoted "theory of entrepreneurship alertness" which highlights that the shared traits possessed by prosperous entrepreneurs is a distinguishing factor which determines entrepreneurial growth and success. Gilder (1984) developed "economic survival theory" which is founded on the belief that the widespread discrimination and political disorder is the basis for the growth of entrepreneurship growth.

The basic conjecture held by the psychological approach is that entrepreneurship is fundamentally personal (Baum, Frese, Baron, & Katz, 2007); that is, the outcome of individual's actions is the fundamental basis that propel entrepreneurship. This line of inquiry is most frequently denoted to as the 'trait approach' to entrepreneurship (McClelland, 1961; Gartner, 1988). As submitted by Reynolds (1997), major differences between entrepreneurs and the rest of the populace are attributable to demographic characteristics (i.e. age, race, and gender) rather than psychological factors. On the other hand, Baum *et al.*, (2007) expressed that the psychological issues and relationships that play a major role in prosperous entrepreneurship are not clear.

### 2.2 Models of Emotions

Scholars have developed a number of models that describe emotions and its development. Common forms of emotions are:

#### ***The Ability-based (Cognitive-emotional) Model***

According to this model emotion can make thinking "quicker," (Mayer & Salovey, 2000) and so Emotional Intelligence was believed to be comparable to other types of intelligences and connected to a type of capability that develops with age and experience (Mayer & Salovey, 2000).

#### ***The Trait-based (Emotional Self-efficacy) Model***

Trait Emotional Intelligence models appeared in 2001. And the notion of emotions is viewed as an arrangement of self-perceptions and personalities at the lower levels of personality taxonomies which transverse into multi-faceted sphere for trait-based Emotional Intelligence that would differentiate the ways an individual would cope with demands and pressures (Davey, 2005).

#### ***The Mixed Trait-ability Model***

As the interest in Emotional Intelligence models and measurements continued, mixed trait-ability models developed, which make allusion to capabilities in the processing and use of emotional information; but in doing so, they integrate abilities with other traits related factors (Goleman, 1995).

### 2.3 Entrepreneurship: An Overview

Numerous scholars have focused on formalizing the notion of 'entrepreneurship.' Say (1803) submitted that it involved the blend of production factor inputs into a production process (quoted in Schumpeter, 1934). In the opinion of Davidsson and Wiklund (2001), entrepreneurship focuses on discovery and 'new opportunity' – also known as 'the creation of new enterprise'. From contemporary viewpoint, entrepreneurship is a vibrant practice which comprises of the vision of the organization, its capability to change and generate new products or processes (Kuratko, 2007). This also includes the readiness of entrepreneurial leaders to take calculated risks and their aptitude to articulate an effective venture team. From economics perspective, an entrepreneur is an individual or group of individual who is/are willing to bear the risk of a new commercial enterprise if there is a substantial business opportunity to realize profit from it (Carree & Thurik, 2003). In the opinion of Acs and Audetseh (1990), an entrepreneur's perform the role of an innovator who promotes his/her innovation. Pirich (2001) stated that an entrepreneur is an individual who initiate new products or processes that is not presently performed by existing businesses. In the opinion of Drucker (1970), the major role or function of entrepreneurs is risk taking. Chen (2007) defined entrepreneurship as the practice through which opportunities are recognized and pursued with regard to alienable and inalienable resources currently organized with a view to create value. In the context of trait methodology, an entrepreneur is business owner and manager of a business undertaking not employed elsewhere (Brockhaus, 1980). As expressed by Ahmadpour (2006), entrepreneurship is the process of value creation through combination of a unique set of resources to enjoy opportunities that are related to the creation of satisfaction or a new demand.

Entrepreneurship can be observed from different levels. Gilder (1984) presented four major viewpoints on entrepreneurship, comprising the features of the entrepreneur who starts an organization, the form of organization formed, the environment of the organization, and the procedure through which it is initiated. Lumpkin and Dess (1996) later maintained that these standpoints are each included in the factors that can offer understanding about firm entrepreneurship. A major internal influence affecting entrepreneurship is the entrepreneur him/herself, who by its origin can be observed as a catalyst to its existence. External factors include the industry or business environment; and internal factors include the organizational structure, and characteristics of top managers or founders.

### 2.4 Defining Emotional Intelligence

Emotional intelligence has its origin in the notion of social intelligence which was suggested by Trendick in 1920 (Quoted in Muhammed, Javad, Hadi & Batool, 2012). From the beginning of 1980 academics started to conceptualize the notion of emotional intelligence systematically. Emotional intelligence connotes the individual's capability to manage his emotions and feelings, empathy with other individuals and adapting suitable conduct in emotional relations (Harrison, 1997). To understand the conception of EI, it is important to highlight its two components: 'intelligence' and 'emotion'. Psychologists have acknowledged three part of the mind, comprising- cognition, affect, and motivation. Emotions belong to the affective domain, which also comprises moods, evaluations, and 'feeling' states such as fatigue or energy. In general, Emotional Intelligence refers to the association of these two spheres - emotion with cognition, which allows heightened emotional or mental abilities (Salovey & Sluyter, 1997).

Emotional Intelligence, according to Salovey and Meyer (1990) can be defined as the degree of individual's capability to distinguish his own emotions and feelings and those of others and employing such information to direct others' thought and actions. EI can also be defined as a set of individual social capabilities or skills to monitor, discriminate and use-self and other's emotions in order to control one's thinking and action (Mayer & Salovey 2000). Accordingly, Goleman (1995) highlights four features of emotional intelligence: self-awareness, self-regulation, self-motivation and empathy. Self-awareness connotes deep perception of one's own emotions, feelings, strengths, weaknesses, needs and motivations. Self-regulation is the ability of individuals to control anxiety, sadness or disruption away from themselves and deal with negative concerns or failures properly. Self-motivation means to control emotions connected to endeavor, eagerness and confidence in the individual as a basis of success. Empathy which is the fourth elements of emotions causes individuals to be able to identify change of emotional states and feelings of others and display suitable reaction that will promote sensitivity and social self-confidence (Salovey & Sluyter, 1997). Emotional intelligence have often been related with a number of significant life outcomes, such as better psychological well-being (Schutte, Malouff, Thorsteinsson, Bhullar, & Rooke, 2007), high-quality social interactions (Lopes, Brackett, Nezlek, Schutz, & Salovey, 2004), and increased career success.

### 2.5 Defining Innovation

Innovation can be defined as the combination of an inventive process and an entrepreneurial process to create new economic value for stakeholders (Hindle, 2010). In the opinion of Livingstone (2000), innovation is not just about idea but its transformation into an outcome which has commercial value and/or economic value. This

definition enjoys wider support by conveying three main benefits: it stress that the full influence of innovation is not accomplished until ideas have been converted into tangible outcomes, such definitions are relevant to a public good and not-for-profit endeavors as well as to commercial values, and such definitions clearly emphasize the inseparable, shared prominence of good science and good business. In general, innovation is the foundation of all competitive advantages, which are a way of anticipating and meeting customer's needs and the technique of utilization of technology. Thus, innovation arises from forming circles of exchange, where information is not just gathered or stored, but shaped. Through innovation knowledge is generated from connections that were not there before (Wheatley, 1999).

## **2.6 Business performance: Definition and Measure**

Business performance is a complex and multifaceted notion that are influenced by various internal and external factors surrounding the organization (Narasimhaiah, Toni and Betty, 2010). Business performance can be viewed along three main elements: theoretical, empirical, and managerial (Cameron & Whetten, 1983). Business performance as a construct can be conceptualized from diverse perspectives, which represents a subdivision of organizational effectiveness that covers operational and financial outcomes (Santo, & Breto, 2012). As expressed by Venkatraman and Ramanujan (1986), business performance from the perspective of strategic management which is directly related to organizational effectiveness. Lebas and Euske (2002) offer a concise definition of business performance as a process of performing today what will offer indication to measure vital results in the future.

Essentially, measures of business performance encompass numerous criteria. Business performance can be evaluated through financial and non-financial measures (McNair & Masconi, 1987). Among the most popular measure of business performance are return on assets, return on equity, and sales growth etc. On the other hand, non-financial business performance comprises of employee productivity and efficiency, customer satisfaction, introduction period of new product and organized work force (Meyer & Allen, 1997).

## **2.7 Emotional Intelligence, Innovation and Business Performance**

In the opinion of Ahmetoglu, Leutner, and Chamorro-Premuzic (2011), entrepreneurship is not exclusively about the conception of business but rather a set of activities or behaviors of entrepreneurs themselves. Therefore, the cognition of the entrepreneur is the starting point in the entrepreneurial process (Shaver & Scott, 1991). Accordingly, it can be inferred that cognition and emotion are responsible for an entrepreneur's view of his/her environment, and therefore, for his/her decision-making. Hence, these decisions inform strategy choice-making (Mitchell, Busenitz, Bird, Oaglio, McMullen, & Morse, 2007). As expressed by Zampetaskis *et al.*, (2009), EI affects entrepreneurial behavior in two approaches: the first is through the self-assessment of emotional efficacy – employees with high self-perceived Emotional Intelligence may display high tolerance to stress and environmental stressors; the second deduces that individuals with high Emotional Intelligence, tend to have higher affectivity, informing preemptive and imaginative dispositions and so facilitating entrepreneurial behavior. Emotional intelligence capabilities are mostly relevant to entrepreneurs because of their need to manage social interactions (i.e. investor's relations, customer acquisition/maintenance, and suppliers' relations among others) with business stakeholders. Social interactions include activities such as presenting to investors, gaining and maintaining customers, negotiating, as well as attracting, selecting, and handling employees, suppliers, and partners. In general, these skills contribute to an individual's talent to manage and regulate his or her own emotions, to properly gauge the emotional state of others and to impact opinions (Ghorbani *et al.*, 2012).

As noted by Schumpeter (1934), the notion of innovation can be defined as the use of a discovery to produce a new commercial product or service, which is very fundamental in creating new demand and thus, new wealth. Therefore, innovation generates new demand and entrepreneurs bring the innovations to the market by identifying business opportunity that will yield profitable return. Drucker (1985) viewed innovation as the instrument used by entrepreneurs to exploit change and create opportunity and societal benefits. According to him, innovation as a discipline is capable of being learned, as well as practiced. From Drucker's viewpoint, systematic innovation entailed purposeful and structured exploration for changes, and in the systematic inquiry of the opportunities such changes might offer commercial and economic value.

Thus, the perception of an entrepreneur as an innovator is founded on the paradigm which puts the entrepreneur as a person involved in the identification of opportunities and employs the innovation tool for developing new business (Meyer, 2003). As expressed by Coglisier and Brigham (2004), entrepreneurship and innovation relates in a two-way. Entrepreneurship arises through innovation. Also innovation relates to entrepreneurship as it is it's a precise instrument that leads to the provision of resources with renewed capability for wealth creation. In a nutshell, successful entrepreneurs entail a mixture of analytical, creative and practical intelligence, which in mixture constitute successful intelligence (Karimi, Kioshani, & Bakhshizadeh, 2012). Thus, individuals who have high Emotional Intelligence tend to have higher effectiveness, informing imaginative dispositions and thus, enabling innovation (Ahmetoglu *et al.*, 2011). Emotional intelligence has also been

documented as a source of superior performance (Goleman, 1995), which assist entrepreneurs in making a rational decision-making process as well as innovation practice (Schindehutte, Morris & Allen, 2001). Similarly, Baron (2008) contends that positive emotions may increase entrepreneurial creativity as well as opportunity to recognize opportunity to improve business performance.

### 3.0 Research Method

#### 3.1 Research Design

This study used cross sectional survey research design using quantitative approach given the established relationship among variables under investigation, nature and data collection approach (Bazargan, Sarmad, & Hejazi, 2010).

#### 3.2 Population, Sample and Sampling Technique

Statistical population of the survey included all entrepreneurs in small and medium scale business setting within Lagos State metropolis. However, given the diverse nature of entrepreneur business and proven tendency that a large majority of them operate outside formal purview the author selected a total of 100 respondents through participative sampling approach (i.e. those that are willing to participate in the survey). As expressed by Richardson (1996), it is the representative of the number of observations in the sample that is vital not the sample size. Ruane (2005) supported the aforementioned claim and maintained that sample size alone will not guarantee accuracy; rather, representativeness is the most significant consideration in sample selection. In view of these assertions, the study sample size is considered adequate and is in pact with the view of Dillman (2000) who stated that a sample size of 100 and above is sufficient to offer a good representation of the subject being investigated and to arrive at concise research findings.

Multistage sampling approach was adopted. In the first stage participative sampling approach was used to determine those entrepreneurs that are willing to participate in the survey. In the second stage convenience sampling technique was used to survey respondents that are accessible and willing to participate in the study.

#### 3.3 Tools of Data Collection

The field study was carried out by means of self-administered questionnaire to collect the required data. Aside from demographic characteristics a total of 24 questionnaire items were generated (8 per variables) to measure the three variables examined in this study. Questions raised in the questionnaire was anchored on five Likert scale of five-option from 1=strongly disagree to 5=strongly agree.

#### 3.4 Reliability and Validity of the Questionnaire

Content validity was carried out to confirm validity of the questionnaire. The questionnaire was validated by obtaining opinions of experts in the field of organizational behavior and entrepreneurship concerning the questionnaire item generated to measure the three variables investigated in this study. After affecting all their comments on the questionnaire, Cronbach alpha coefficient was computed to measure the reliability of the instrument. Cronbach alpha for all the variables exceeded the cut-off of 0.6 which indicate that the instrument is reliable (Aspy, Omar, Vesely, McLeroy, Rodine, & Marshall, 2004).

#### 3.5 Method of Data Analysis

The data obtained from the respondents were analyzed with the aid of statistical package for social science (SPSS-Version-21). Descriptive statistics, using (frequency, simple percentage, mean and standard deviation) was used to present and analyze the data, while the Pearson correlation, regression analysis and t-test was used to test the hypotheses.

### 4.0 Data Analyses and Discussion

#### 4.1 Testing of Hypotheses

##### *Hypothesis One*

There is no significant relationship among emotional intelligence, entrepreneur's innovation and business performance of small and medium scale enterprises in Lagos state.

Table 1: Descriptive statistics, Cronbach Alpha, and Correlations analysis among the Study Variables

	Mean	Standard deviation	Cronbach Alpha	1	2	3
Emotional intelligence	2.53	.662	.821	1	.507**	.559**
Entrepreneur's innovation	2.90	.540	.781		1	.588**
Business performance	3.38	.787	.765			1

\*p<0.05 \*p<0.01. Correlation is significant at 0.01 levels (2-tailed) and N = 83

Source: Field Survey, 2017.

As displayed in Table 1, with the exception of emotional intelligence that has a mean value slightly above average, the mean values for entrepreneur’s innovation and business performance is relatively high. To examine the nature and direction of relationship among the three variables, Pearson correlation analysis was run. As shown in Table 1, inter-correlations among emotional intelligence, entrepreneurs’ innovation and business performance are positive and have moderate correlation among them. Correlations ranged from .507 to .588. In particular, there exists a statistically positive significant correlation between emotional intelligence and entrepreneurs innovation ( $r=.507, p<0.01$ ), emotional intelligence and Business performance ( $r=.559, p<0.01$ ), entrepreneurs innovation and business performance ( $r=.588, p>0.01$ ). The pattern of the correlations among the three variables demonstrates that there is relationship among them. From the above result, hypothesis one is not supported by the finding of this study and the study concludes that there is a significant relationship among emotional intelligence, entrepreneur’s innovation and business performance of small and medium scale enterprises in Lagos State. Finding of this study corroborates the views expressed by Acs and Audretseh (1990) and Baron (2008).

**Hypothesis Two**

Emotional intelligence and entrepreneurs’ innovation will not significantly influence business performance of small and medium scale enterprises in Lagos state.

Table 2: Regression of emotional intelligence and entrepreneurs’ innovation, and business performance

	Beta ( $\beta$ )	t-Value	Sig-Value	R	R <sup>2</sup>	F-value	F-sig
<b>Model</b>							
Constant		1.956	.115	.661	<b>.437</b>	31.090	<b>.000</b>
Corporate social responsibility outcomes	.350	3.603	.001				
Socio-economic development	.411	4.221	.000				

**Predictors:** (Constant), emotional intelligence and entrepreneurs’ innovation

**Dependent variable, business performance**

**Note:** Significant at the 0.05 level.

**Source:** Field Survey, 2017

As evident in Table 2, the regression model exhibits a robust fitness of  $R = .661$ ,  $R^2$  of .437 and F-value of 31.090. The model shows that the t-value is significant  $p < 0.05$  with about 44% of the variation in business performance of small and medium scale enterprises explained by emotional intelligence and entrepreneurs’ innovation. Likewise, at individual construct level of analysis, result in Table 2 shows that both emotional intelligence ( $\beta = .350, t = 3.603, p < 0.05$ ) and entrepreneurs’ innovation ( $\beta = .411, t = 4.221, p < 0.05$ ) are significantly connected to business performance of small and medium scale enterprises in Lagos State. From the aforementioned result hypothesis two is not supported by the finding of this study and the study concludes that emotional intelligence and entrepreneurs’ innovation significantly influence business performance of small and medium scale enterprises in Lagos State. Results of this study reinforce the position articulated by Baum *et al.*, (2007).

**Hypothesis Three**

The level of emotional intelligence is not significantly different among male and female entrepreneurs’ of small and medium scale enterprises in Lagos state.

Table 3: Descriptive statistics – Gender and emotional intelligence

Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	54	2.94	.603	.082
Female	29	2.83	.399	.074
Total	83			

**Source:** Field Survey, 2017

Table 4: Independent Samples Test - Gender and emotional intelligence

	Levene’s Test for Equality of Variances		t-test for Equality of Means		
	F	Sig	T	Df	Sig. (2-tailed)
Equal variances assumed	.398	.530	.864	81	.390
Equal variances not assumed			.974	77.343	.333

**Source:** Field Survey, 2017

As shown in Table 3, the descriptive statistics as indicated by means values suggest that male entrepreneurs have slightly high emotional intelligence compare to their female counterparts. To confirm whether the difference is significant, independent T-test was run. As indicated in Table 4, F-value is .398,  $t = .864$ , p-value equal to .390, which indicates that  $p > 0.05$ . The above result shows that emotional intelligence does not differ significantly with gender (male of female). Based on the above statistics, hypothesis three is supported by the finding of this result; hence, the study concludes that no significant difference exists between male and female entrepreneurs as regards emotional intelligence. This finding is similar to the outcome of the study reported by

Brandstatter (1997) and Ahmetoglu *et al.*, (2011). On the other hand, the finding contradicts Reynolds (1997) that expressed those socio-demographic characteristics such as gender is related to emotional intelligence.

### 5.1 Discussion and Conclusion

Results of this study reveal that there is a direct and significant relationship among emotional intelligence, entrepreneur's innovation and business performance. Findings of this study connotes that the three variables are strongly related. Hence, entrepreneur that has high level of emotional intelligence and innovativeness is likely to be adaptive and successful hence, record high level of business performance. Likewise, the study documented that the degree of emotional intelligence among male and female entrepreneurs is not significantly different; this indicates that emotional intelligence is not gendered based issue and can be possessed at the required degree by both male and female entrepreneurs. Given the results of the present research regarding direct impact of emotional and entrepreneur innovation on business performance of small and medium scale enterprises; both emotional and entrepreneurial innovation being acquisitive and critical part of intelligence can be evolved and developed through experience, rehearsal and attempt.

Accordingly, successful entrepreneurs will necessitate an edge resulting from some combination of an imaginative idea and a superior capacity for execution. The entrepreneur's creativity may encompass an innovation product or a process that modify the existing market offering. In a nutshell, growth and development of entrepreneurships cannot be sustained without supplementary innovations (usually in the product or services or in its marketing) with additional innovations, business performance will be enhanced. Innovation is therefore a veritable tool to enhance the business competitiveness through efforts aimed at the transforming, revitalization, and restructuring of organizations, their markets or industries, if a business is to be considered entrepreneurial.

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