

ENTREPRENEURSHIP AND EMOTIONAL INTELLIGENCE IN THE DIGITAL ECONOMY

Ph.D student Daniela (STANCU) ZAMFIR
"Costin C. Kiritescu" National Institute of Economic Research, Romanian Academy
E-mail: zamfirdaniela51@gmail.com

Ana-Maria Nedelcu, Ph.D student
Romanian Academy
The National Institute for Economic Research "Costin C. Kiritescu"
Email: ana_maria_ned@yahoo.com

Abstract

Today's world is marked by transformation, mainly given to the introduction of new technologies that have determined the emergence of digital economy. Entrepreneurship has gained popularity in recent years given to the uncertainty of the economic context influenced by digitalization. A larger number of companies began to adopt AI in order to make the production process more efficient. Emotional intelligence plays an important role in establishing the capacity of workers to deal with a changing work-environment by assessing their emotions in regards to themselves and others. EI helps individuals in understanding, managing and utilizing their emotions in an efficient way in order to be successful and to maintain their well-being.

Keywords: entrepreneurship, emotional intelligence, digital economy

JEL Classification: L26, L31, O33.

Introduction

Under the umbrella term of „entrepreneurship” other concepts such as dynamic change, opportunities exploitation, uncertainty, monopoly formation and ownership can be found.

The term itself cannot be described by using a single accepted definition by all scholars (Cunningham & Lischeron, 1991; Gartner, 1990; Shane & Venkataraman, 2000). Therefore, multiple theories arose from the conflict of vast definitions. Researchers decided to apply individual adjectives to the central concept, resulting in the spheres of corporate, social, opportunity and necessity entrepreneurship. Each of them describing different aspects of the main concept. By narrowing down the extensive image, the new terms contribute to a unequivocal framework and grant a sound focus on the various aspects of entrepreneurship.

According to Vesper (1982) a comprehensive definition of the field of entrepreneurship is the creation of business enterprises by individuals or confined groups.

The first recorded historical reference of the term entrepreneurship can be found in the field of economics regarding the sources and profit nature. According to Smith (1776) the economic value comes from goods being purchased at a market value which outpaces the value of production when it comes to capital and labor invested. In this way, entrepreneurship was correlated to all activities which resulted in residual profits (Matley, 2005; Schumpeter, 1934 (1961)). From this emerged two theoretical views in opposition to each other regarding the way in which entrepreneurs reached to this residual profit. These two are the Risk theory and the Dynamic theory of profit (Knight, 1964).

The entrepreneur deals with the risks imposed by market demand changes and purchases of inputs which are subsequently sold at an uncertain price. An entrepreneur is the owner and manager of a business but without having a second occupation, who has the role of bringing production and prices in line with the demand (Thornton, 2005; Brockhaus, 1980).

In accordance to the history of economic theory, the roles of an entrepreneur consist of assuming risks that are associated with uncertainty, supplying capital, having the positions of leader, manager, innovator, organizer and coordinator and the person who allocates resources (Hebert and Link, 1988).

A different vision belongs to McClelland (1961) who recognized that there was no unity of the definition of entrepreneurship within the economy theory and convert the focus on the characteristics and cultural values of individuals engaged in entrepreneurial behavior. He defined the entrepreneur as an individual employed in any business or economic aspect of an enterprise who had a specific behavior.

The concept of entrepreneurship has a multi-dimensional value which includes the risk theory (owning a small business), the dynamic theory (innovation), the Traits School (behaving as a leader) and the Behavioral School (starting a new organization). It also encompasses the opportunities of establishing equilibrium according to the Austrian School or the opposite, causing disequilibrium (Schumpeter, 1934 (1961)).

It consists of starting a business with minimum resources and creating new values in what regards business, social, government or academia.

Determining wellbeing is a function of maximizing production results, efficiency of distribution and redistribution processes. In this way, well-being is a determination of rational behaviour, assuming some useful effects for society, reducing waste. Economic rationality creates prerequisites for manifestation of happiness by generating positive marginal well-being to a proportional increase in labour factor (Balaceanu, Penu, Barbat, 2017).

When it comes to emotional intelligence, Salovey & Mayer (1990) were the first scholars to propose the term. Later in the specialty literature various alternative conceptions emerged on this topic (Bar-On, 1997; Mayer & Salovey, 1997). However, the one responsible with the launching of the field was Goleman (1995).

According to Salovey & Mayer (1990) emotional intelligence reflects the way in which individuals' way of processing affective information can influence their success in life. EI is a psychological construct that assesses both the manner in which individuals express, regulate and utilize their emotions on their persona as well as in relation with others.

The concept of emotional intelligence is partly derived from social intelligence (Mayer, Caruso, & Salovey, 1999). According to the research of Salovey and Mayer (1997) came the possibility of individuals having different abilities in expressing and feeling emotion. They also defined EI as "the ability to perceive accurately, appraise and express emotion, the ability to understand emotion and the ability to regulate emotion" (p. 10).

In order to assess the emotion of individuals, researchers have developed a self and peer-report instrument called The Assessing Emotions Scale (AES) (Schutte et al., 1998).

According to Petrides and Furnham (2000) there are two different emotional intelligence types. The first one being "trait EI" which relates to typical performance by self-report. And the second one "ability EI" which refers to actual ability, operationalized by maximal performance methods.

Researchers found a positive relationship between emotional intelligence and life satisfaction (Palmer, Donaldson, & Stough, 2002) and a negative one related to loneliness and depression predisposition (Saklofske, Austin, and Minski, 2003).

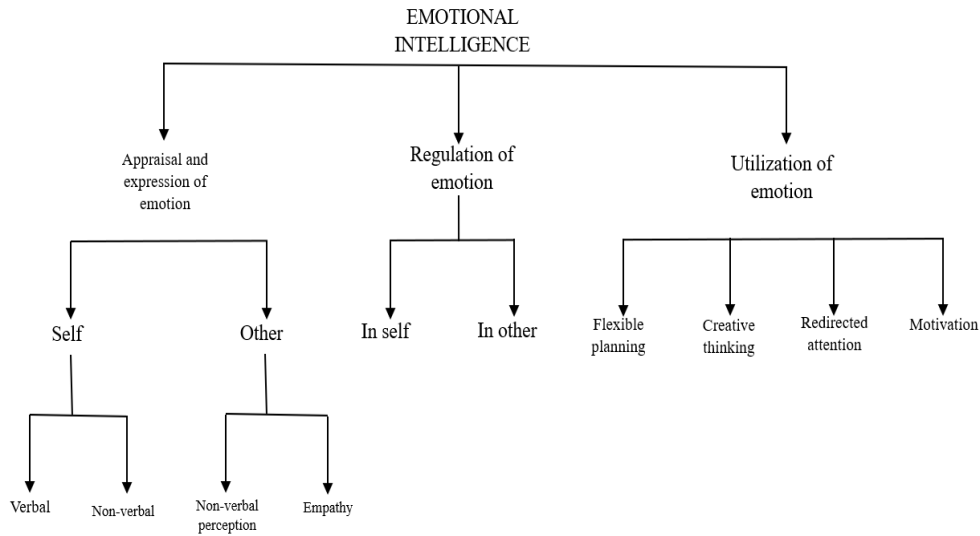
There are three approaches that can be used in order to understand emotional intelligence. The first one being defining and measuring the construct (Salovey & Mayer, 1997; 1990), the second one investigating the validity of EI (Ciarrochi et al., 2000) and the third one to identify psychological variables that determine EI (Dawda & Hart, 2000).

Emotional intelligence deals with monitoring individuals' as well as others' feelings and emotions in order to evaluate them and to use the information to guide thinking and actions. According to Cantor et al. (1987) the constructive thinking is built with affective information that is required to be processed. They also stated that this skill may differ in various individuals.

According to Gardner (1983) EI is the part of social intelligence that he refers to as personal intelligence. It comprises self- and others- knowledge like social intelligence does. However, an aspect which is different in this type of intelligence is its feelings-oriented nature (p. 239).

Emotional intelligence plays an important role within the workplace as it assesses an individual's range of emotions and establishes the intelligent behavior. At the advanced level the intrapersonal knowledge permits gaining a deep knowledge on life by differentiating sets of complex feelings.

Fig. 1 Conceptualization of emotional intelligence



Source: adapted by the authors

Figure 1 shows the conceptualization of emotional intelligence. It has three main roles which are the appraisal and expression of emotion, emotion regulation and utilization of emotion. As it can be seen above, the first one divides into self- (verbal and non-verbal) and other- (non-verbal perception and empathy). The regulation of emotion is divided into two subcategories which are in self and in other. The utilization of emotion has four driving forces as following: flexible planning, creative thinking, redirected attention and motivation.

The role of entrepreneurship within the digital economy is to drive economic growth as well as having a considerable impact on energy efficiency.

Entrepreneurship has evolved into intelligent entrepreneurship by inheriting modern trends based on innovation and the progressive socio-economic processes in a knowledge-based world (Zakharchyn, 2019).

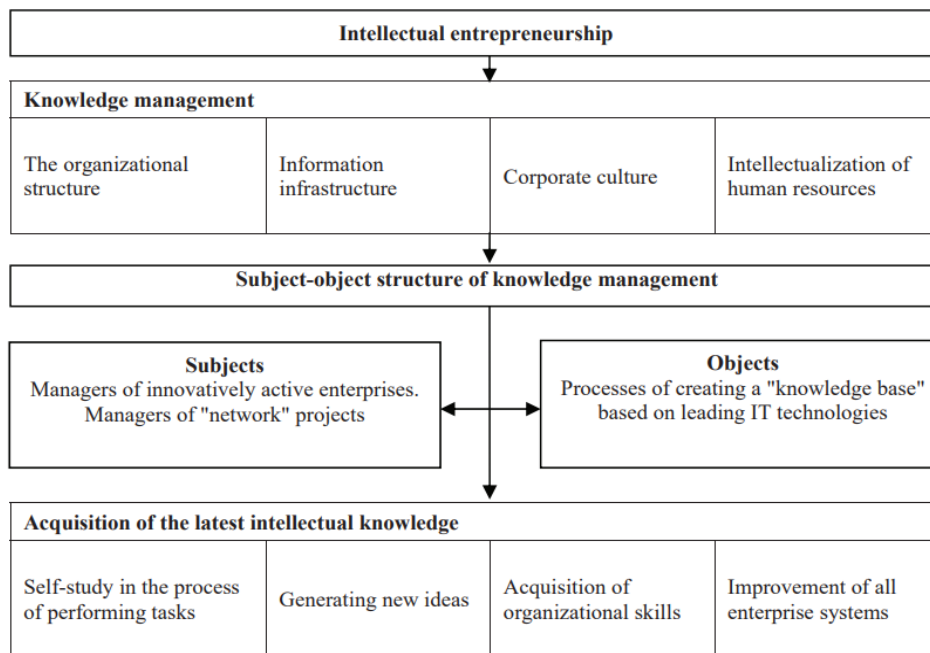
This new type of entrepreneurs is oriented towards creating innovative products guided by the goals of self-realization rather than the economic benefits (Johannisson et al., 1999). Entrepreneurship consists of producing the latest knowledge, organize and manage advanced types of knowledge and cooperate with economic agents (Cherwitz, 2016).

Intelligent entrepreneurship combines intelligence, entrepreneurship and academic education (Abosedo & Onakoya, 2013).

Also, it provides an interpretive base on the introduction of digital technologies, activities, actors and organizations (Rippa & Secundo, 2019).

In the modern society entrepreneurship is closely related to innovation and the latter is weighed as a way of expressing the first (Zdun, 2021).

Fig.2 Intellectual entrepreneurship



Source: adapted by the authors

Figure 2 shows the way in which intellectual entrepreneurship uses knowledge in order to innovate the enterprise. Knowledge management comprises the organizational and information structures, as well as the corporate culture and the intellectualization of human resources. It then uses the knowledge management in order to manage active enterprises when it comes to subjects, in this case being the managers and to create a knowledge base when it comes to IT technologies. The last step of intellectual enterprise is represented by the acquisition of the latest knowledge by self-studying in the process of task performing, generating new ideas, acquire organizational skills and improving all the enterprise systems.

The main characteristics of intelligent entrepreneurship are: the availability of innovative system thinking, gathering and disseminating knowledge and skills in an educational environment; using collective knowledge as a mean to increase effectiveness, transforming knowledge into specific actions and decisions with the aid of communicative and intelligent abilities, integration with a self-taught organization and the development of an intelligent culture (Edvinsson, 2005).

The digital transformation of entrepreneurship will be possible with the help of digital technologies via distributed computing resources and networks based on Big Data and neural networking.

The emergence of digital economy proves that the post-industrial development of society has reached its maximum intelligent potential.

Digitalization is an important mechanism that drives economic growth given to its potential of influencing effectiveness, cost and quality of the socio-economic activities. Also, its main direction is consumer-oriented, thus optimizing operational processes and altering the business model.

In conclusion, the economy is revolutionized with the aid of knowledge-based services and new disruptive technologies. The degree of entrepreneurship's success relies on the human competencies as well as the structural and systemic capabilities. Intelligent capabilities and competitive information are the key in achieving a great success.

The development of intelligent potential in the knowledge era has a major contribution on increasing the efficiency of the innovation, science and educational systems within a state, thus ensuring its economic growth. In order to make this possible, intelligent entrepreneurship creates an optimal environment.

With the economic transition towards the knowledge era comes the need to change the traditional approaches of modern entrepreneurship. This is mainly given to the fact that intelligent products as well as high-tech products will provide the development of an intelligent type of entrepreneurship.

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