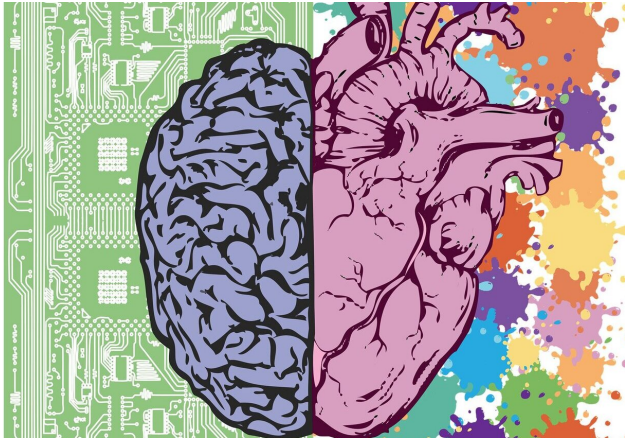


Entrepreneurs benefit more from emotional intelligence than other competencies, such as IQ

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Running a successful business has its challenges, but the COVID-19 pandemic has required many owners to pivot and look for new ways to operate profitably while keeping employees and consumers safe. Research from the Indiana University Kelley School of Business found that emotional intelligence—the ability to understand, use and manage emotions to relieve stress—may be more vital to a business' survival than previously thought.

"We found that entrepreneurs benefit much more from emotional competences than other competencies—such as IQ—due to high uncertainty and ambiguity that comes with the world of [entrepreneurship](#) and even more applicable in a crisis," said Regan Stevenson, assistant professor of entrepreneurship and management and the John and Donna Shoemaker Faculty Fellow in Entrepreneurship.

"Being an entrepreneur is not a 'traditional

workplace setting.' If you are an entrepreneur, you know that managing your business can often feel like you are screaming alone on an emotional rollercoaster," Stevenson added. "The extreme nature of this setting makes one's ability to manage emotions and social connections critically more important, especially so during times of major disruption and crisis."

According to recent U.S. Bureau of Labor Statistics, about a fifth of all new businesses fail within their first two years and nearly half are shuttered within five years. More than a million U.S. companies with employees were shuttered in 2020, in large part due to the COVID-19 pandemic. The number of bankruptcies in 2020 and those expected this year likely will approach levels last seen during the worst quarter of the 2008-09 [financial crisis](#).

"The extreme nature of the pandemic has made one's ability to manage emotions and [social connections](#) critically more important, especially so during these times of major disruption and crisis," said Ernest O'Boyle, associate professor of management and entrepreneurship and the Dale M. Coleman Chair in Management.

The research found that those with a higher [emotional intelligence](#) are better able to be self-motivated and have higher [social skills](#)—even under more normal circumstances.

"Emotional Intelligence is linked to social skills such as accurately perceiving other's needs, making good first impressions, and influencing others in interpersonal interactions. These skills are important for developing business networks, which can aid in signaling legitimacy and in acquiring resources," researchers wrote. "These skills can enhance creativity and opportunity recognition; aid decision making in emotionally turbulent situations

and enable adaptive responses to unpredictable events."

Previous research has suggested that cognitive intelligence was a greater predictor of success among entrepreneurs. The two factors are seldom studied together.

"While IQ is unquestionably the better predictor of job performance and [career success](#) across all jobs and careers, within the domain of entrepreneurship, emotional intelligence was the stronger predictor of success," O'Boyle added. "Those with high emotional intelligence tended to be more successful as business leaders and enjoy success than in more typical jobs and careers."

Their findings are based on an [empirical study](#) of nearly 40 previous studies and a meta-analysis of 65,826 entrepreneurs observed through that research. Their paper, "What matters more for entrepreneurship success? A meta-analysis comparing general mental ability and emotional [intelligence](#) in entrepreneurial settings," appears in *Strategic Entrepreneurship Journal*.

More information: Jared S. Allen et al, What matters more for entrepreneurship success? A meta-analysis comparing general mental ability and emotional intelligence in entrepreneurial settings, *Strategic Entrepreneurship Journal* (2020). [DOI: 10.1002/sej.1377](https://doi.org/10.1002/sej.1377)

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