



## Emotional Intelligence and its Impact on Entrepreneurial Intention; the Role of Psychological Capital as a Mediator (With Special Reference to Entrepreneurial Undergraduates of Sri Lanka)

<sup>1</sup>A.R.F.Nuha, <sup>2</sup>S.F. Fasana

<sup>1</sup>Faculty of management, Uva Wellassa University of Sri Lanka

<sup>2</sup>Faculty of management, Uva Wellassa University of Sri Lanka

### Article Information

© 2018 Faculty of Management, Uva Wellassa University. All rights reserved.

To Cite This Article:

Nuha A.R.F., Fasana S.F., (2018), Emotional Intelligence and its Impact on Entrepreneurial Intention; the Role of Psychological Capital as a Mediator (With Special Reference to Entrepreneurial Undergraduates of Sri Lanka), *Journal of Management and Tourism Research*, Vol I Issue II, pp.34-58, [http://www.uwu.ac.lk/wp-content/uploads/2018/JMTR\\_I2\\_cH3.PDF](http://www.uwu.ac.lk/wp-content/uploads/2018/JMTR_I2_cH3.PDF)

Keywords:

Emotional Intelligence  
Entrepreneurial Intention  
Psychological Capital  
Undergraduates

### Abstract

Entrepreneurship plays an important role in economic prosperity and social stability of any country. Fostering entrepreneurship among students has become an important topic worldwide. Dependent mentality of students that has been anchored in the minds from the initial stage is a huge hindrance for entrepreneurship within the country. Universities have amended the curricular and have taken measures to enhance an entrepreneurial culture, but the outcomes seem to be very slow. Even though this study and the previous studies reveal that a higher percentage of Undergraduates are willing to be entrepreneurs, there is a very low evidence that at least a majority of them have pursued their career as entrepreneurs after graduation. This study identifies the emotional intelligence and its impact on entrepreneurial intention with psychological capital as a mediator with special reference to entrepreneurial undergraduates of Sri Lanka. A sample of 160 undergraduates of the four main entrepreneurship degree programmes offering universities were selected in terms of stratified sampling. Primary data were collected by using a structured questionnaire. Researcher found that there is a significant relationship between emotional intelligence and entrepreneurial intention, a positive and a significant relationship of psychological Capital with emotional intelligence and with entrepreneurial intention. It is clear that, Entrepreneurial undergraduates should be given proper exposure to engage themselves in activities that enhance their emotional intelligence and psychological capital that creates a mental stability to cope with challenges and to pursue their entrepreneurial intentions. This study provides an insight for the policy makers and academics to a novel direction of the curriculum.

### BACKGROUND OF THE STUDY

All societies need new entrepreneurs to fuel economic growth, for entrepreneurs have an important function in the economy (Moriano, Gorgievski et al. 2012).

In Sri Lankan context, there is a population of 20 million and a workforce of around 8 million, but less than 4% own business which is a stark contrast to many countries across the world which has created a vibrant entrepreneurial culture. If Sri Lanka is to fast track development it has to increase the four percent entrepreneurs to around 40 percent as in advance countries where 30 to 40 percent of the labour force have their own business, Prof. Karunarathne stated in Sunday observer (2015).

Further he had stated that free education, healthcare with nutritional programs from primary to tertiary education level have instilled the attitude of dependence among students. The students demand jobs from the government even after having graduated as if it is duty-bound to provide employment to them. They need to get out from the dependence mentality which is a huge hindrance to entrepreneurship and focus on developing occupational skills that will pave the way for career enhancement and higher prospects in life.

It is unfortunate that even in university level, the demand for entrepreneurship education is low as students stuck to the attitude of becoming a professional. However studies reveal that student interest in entrepreneurship as a career

choice is growing (Brenner 1993), (Kolvereid 1996) while interest in professional employment in businesses is declining.

The study by (Autio, Keeley et al. 1997) investigated entrepreneurial intention of university students in various cultural contexts indicated that the encouragement from university environment affects the entrepreneurial confidence of university students.

However, the study done by (Wang and Wong 2004) pointed out that entrepreneurial dreams of many students are hindered by inadequate preparation of the academic institution. As such, the question is no longer whether or not entrepreneurship should be taught, but what and how it should be taught.

Entrepreneurship education needs a different teaching pedagogy in which entrepreneurship education is linked to work-related learning (Dwerryhouse 2001), experiential learning (Kolb and Kolb 2005), action-learning (Smith, 2001) and entrepreneurial training (Gibb 1999). The school and education system also play a critical role in identifying and shaping entrepreneurial traits (Ibrahim and Soufani 2002).

This is mainly because apart from entrepreneurial knowledge, it is fundamental for an individual to possess entrepreneurial attributes which create a psychological stability within them in order to face challenges on the path of pursuing entrepreneurial intention.

Emotional intelligence is the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions. Studies have found that emotionally intelligent individuals are more likely to engage in innovative entrepreneurial activities, and tend to have higher affectivity, informing creative dispositions and facilitating innovation, which are key aspects of entrepreneurship. Ahmetoglu et al. (2011) (Mortan, Ripoll et al. 2014)

The findings of (Staw, Sutton et al. 1994) and Eljadi (2007), show that emotionally intelligent employee carries psychological stability to understand not only his own emotions, but also the emotions of others.

Successful entrepreneurs must possess a high degree of mental hardiness in order to persist and make effective strategic decisions. Studies have conceptualized such mental hardiness in terms of psychological capital—defined as psychic resources that can be drawn from in order to meet the emotional challenges of the moment (Csikszentmihalyi 2004). Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Segal, Borgia et al. 2005) which is a dimension of psychological capital.

It is clear that starting and growing a successful business takes lots of hard physical and emotional work to get the job done. Therefore, it is important to develop entrepreneurial-traits within the undergraduates through proper entrepreneurial education which may answer the question 'why the undergraduates who follow entrepreneurship oriented degree programs at Sri Lankan Universities do not become entrepreneurs?'

## PROBLEM STATEMENT

Fostering entrepreneurship among students has become an important topic for universities, government agencies and research academicians as well. Studies have confirmed the presence of enormous potential in universities graduates for improving and contributing towards entrepreneurial development of the country (Mohd Noor 2009 (Alam and Noor 2009), Seyed and Hyder 2011). Educational support through professional education in universities is an efficient way of obtaining necessary knowledge about entrepreneurship. Results from collegiate level empirical studies demonstrate that entrepreneurship can be taught and that entrepreneurial attributes can be positively influenced by education programs (Gorman, Hanlon et al. 1997). These studies reveal that apart from Entrepreneurial education, the undergraduates should be empowered with psychological competencies.

A study shows that positive psychological capital and emotional intelligence of an employee have emerged as most effective and powerful variables for his work outcomes. (Swati, 2015) (Mittal and Dhar 2015). Recent researches in this area also presents the view that people with high emotional intelligence are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000). Further (Snarey and Vaillant 1985) have found that work performance was influenced more by individuals' abilities to cope and manage emotions, handle stress and frustration, and get along with other people. This enables individuals to bounce back in the face of any challenge and to achieve their desired intention.

By investigating these concepts, it is clear that there is a link of emotional intelligence on undergraduate's intention to become an entrepreneur. Further Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Chen et al., 1998; Segal et al., 2005) and actual new independent organization creation (Krueger & Brazeal, 1994) which is a component of psychological capital. This shows an impact of psychological capital towards the relationship between emotional intelligence and entrepreneurial intention.

However, there are very limited researches that relate and link entrepreneurial intention, emotional intelligence and psychological capital. Therefore, this study focused on emotional intelligence and its impact on entrepreneurial intention considering psychological capital as a mediator.

## RESEARCH OBJECTIVES

1. To identify the relationship between Emotional intelligence and Entrepreneurial Intention.
2. To identify the relationship between Emotional intelligence and Psychological Capital.

3. To identify the relationship between Psychological Capital and Entrepreneurial Intention.
4. To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.

## LITERATURE REVIEW

### Entrepreneurial Intention

The intention is defined as a conscious state of mind that directs attention towards a specific goal. (Gartner, Bird et al. 1992). Entrepreneurial Intention which is addressed throughout the study is defined as "the readiness to start a business, with risk taking propensity, locus of control and attitudes toward self-employment as predictors. (Lüthje and Franke 2003).

Studies reveal the fact that people with high emotional intelligence competencies are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000).

Positive emotions also influence an entrepreneur's ability to turn past experiences into present solutions through heuristic processing (Baron, 2008), and to deal effectively with the persistent stress (Carver & Scheier, 2001) that often plagues entrepreneurs. This indicates the importance of exposing entrepreneurial undergraduates to activities that trigger their emotional competencies.

### Emotional Intelligence

Business establishments have realized that to excel in today's competitive world, they need people who are not only academically sound but also are emotionally intelligent.

Through emotional intelligence person can handle their personal, educational, occupational, health, social and coexistence in a success way. (Viruell-Fuentes, Miranda et al. 2012). High emotional intelligence promotes an individual's interpersonal relations, emotional regulation and ability to work under pressure and handle changes in the structure and function of their working environment.

In 1998 Goleman has expanded the definition of emotional intelligence as "the capacity for recognizing our own feeling and those of others, for motivating ourselves and for managing emotions well in ourselves and our relationships"

In 2001 Goleman further developed his emotional intelligence model which is used in this study as it is widely recognized, well tested and a validated model.

**Table 01; Goleman's (2001) Model of EMI**

Emotional Intelligence Dimensions	Emotional Competencies
<b>Personal Competencies</b>	
1. Self-awareness	Emotional awareness, accurate self-assessment, self confidence
2. Self-management	Self-control, adaptability, trustworthiness, conscientiousness, achievement drive, initiative,
<b>Social Competencies</b>	
3. Social-awareness	Empathy, service orientation, organizational awareness
4. Relationship Management	Developing others, influence, communication, conflict management, leadership, change catalyst, building bonds team work and collaboration

Salvador (2008) has demonstrated the fact that emotional intelligence can influence the perception of entrepreneurial self-efficacy. He also has found out that some dimensions of emotional intelligence have a significant positive relationship with entrepreneurial self-efficacy which is a dimension of psychological capital.

Several studies also have found that high emotional intelligence is related to greater well-being and is associated with better psychological functioning. (Austin et al., 2005).

**Psychological Capital**

At the end of the 1990’s, positive psychology was introduced with the help of research conducted by Prof. M. Seligman and his colleagues in the field of organizational behavior. The term “positive psychology” led to the “Positive Organizational Behavior” approach, which sought to measure, develop, and manage people’s strengths and psychological core meanings rather than focusing on their weaknesses [Luthans , Youssef, 2004].

Many researchers have contributed in the field of psychological capital in order to measure its dimensions of it. In this research the contribution by Luthans et al. (2007) is considered to measure the psychological capital.

**Table 02; Luthans et al.(2007) model of PsyCap**

1. Self-efficacy	• Dealing with the challenges.
2. Hope	• being full of determination
3. Optimism	• positive expectations for the future success
4. Resiliency	• accomplishment in spite of obstacles

Positive psychological capital is determined as a key factor to achieve the goals, sustainable psychological well-being, and satisfaction both in life and job of an individual. (Hmieleski and Corbett, 2006)

Studies reveal that entrepreneurship education, needs a different teaching pedagogy in which entrepreneurship education is linked to work-related learning (Dwerryhouse, 2001), experiential learning (Kolb, 1984), action-learning (Smith, 2001) and entrepreneurial training (Gibb, 1999) which helps to build the psychological stability of the individual.

**CONCEPTUAL FRAME WORK**

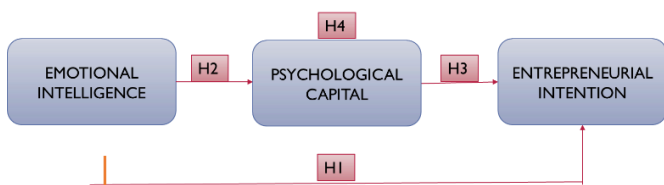


Figure 01; Conceptual Framework

Based on previous findings, the following hypotheses are proposed

- H1: There is a positive relationship between Emotional Intelligence and Entrepreneurial intention
- H2: There is a positive relationship between Emotional Intelligence and Psychological Capital
- H3: There is a positive relationship between Psychological Capital and Entrepreneurial intention
- H4: There is a mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention

**METHODOLOGY**

The population of this study comprises with entrepreneurship undergraduates of universities that offer entrepreneurial degree programs in Sri Lanka.

From the population of entrepreneurship undergraduates, 160 entrepreneurship undergraduates from the faculties of Management are selected as the sample from Uva Wellassa University, Sri Jayawardenepura University, University of Kelaniya and the Ruhunu University from entrepreneurship oriented degree programs.

Twenty 4th year undergraduates and twenty 3<sup>rd</sup> year undergraduates are selected from each university by capturing 80 respondents from each year from all four universities respectively.

Researcher followed stratified sampling method as the sampling technique to select respondents as it is most suitable.

**Profile of the Sample**

The researcher used the descriptive techniques for analysing the demographic characteristics of respondents to identify the overview of the sample with the statistics of distribution of age, the distribution of gender, distribution of number of siblings, distribution of preference to own a business, distribution of nationality, distribution of year of study and distribution of the university.

**Data Collection Instrument**

Self-Assessment is widely used in the field of entrepreneurship to determine individuals’ entrepreneurship attitudes. Therefore, the primary data for this study were collected through a survey by self-administered questionnaire.

The questionnaire consists of 02 sections of questions. Section one of the questionnaire includes seven structured questions about the demographic characteristics including the Age, Gender, number of siblings, preference to start a business, nationality, year of study and the name of the university.

Check boxes were used to gather data regarding the demographic factors. Five point Likert Scale Questions were used to collect true and correct data for the dependent, independent and mediating variables. The ranges are as follows.

5 = Strongly Agree 4 = Agree 3 = Moderately Agree 2 = Disagree 1 = Strongly Disagree

**DATA ANALYSIS**

**Data Analysis Techniques**

**Table 03; Data Analysis Techniques**

Objectives	Data Analysis Techniques
1. To identify the relationship between Emotional intelligence and Entrepreneurial Intention.	Correlation analysis
2. To identify the relationship between Emotional intelligence and Psychological Capital.	Correlation analysis
3. To identify the relationship between Psychological Capital and Entrepreneurial Intention.	Correlation analysis
4. To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.	PROCESS v3.1 of Andrew F.Hayes

**Mediator Analysis**

-Andrew F. Hayes mediation, Moderation and Conditional Process Analysis

This study contains a mediator so by using the Andrew F. Hayes mediation model the mediating effect of psychological capital was analysed. For analysis of this mediator, researcher used special program called “process Macro” which can be installed to the SPSS. In analysing the effect of the mediator, “Process” Model Number 04 was used.

**RESULTS AND DISCUSSION**

**Reliability Analysis**

In order to measure the reliability of the constructs EMI, EI and PsyCap that were created using the entire dataset which consists of 160 respondents, Cronbach’s Alpha reliability test is performed.

As stated in the below table, Cronbach’s alpha values of construct EI, EMI and PsyCap are 0.792, 0.576 and 0.616 respectively.

According to George and Mallery (2003) the test will be significant when alpha value results more than 0.7. Therefore, the internal reliability of the dependent variable- entrepreneurial intention can be considered significant.

Further, the reliability of the independent variable and the mediator are also in the acceptable range as according to (Hair, et al., 2006) the test will be significant when alpha value results near 0.6 Hence it can be concluded that there is a good internal consistency within the items of variables in the questionnaire. Therefore, the questionnaire can be considered as reliable.

**Table 04; Reliability Statistics**

Variable	Cronbach's Alpha	No. of items
EMI	<b>0.576</b>	<b>15</b>
EI	<b>0.792</b>	<b>13</b>
PsyCap	<b>0.616</b>	<b>15</b>
<b>Total</b>	<b>0.813</b>	<b>43</b>

Source: SPSS output from field information

The coefficient alpha of the research construct as a whole is 0.813 which is higher than 0.70, therefore it is in the acceptable level as recommended by George and Mallery (2003).

**Descriptive Statistics**

**Table 05; Descriptive Statistics**

Variable	Mean	Std. Deviation
EMI	3.8065	.47644
EI	3.7888	.56395
PsyCap	3.8546	.32174

Source: SPSS output from field information

The mean of EMI, EI and PsyCap variables are 3.8065, 3.7888 and 3.8546 respectively. These values are in the 'almost agreed' range as it is in the category of  $3.5 \leq X < 5$ . When considering the overall mean values, they were scattered from 3.7888 to 3.8546. Therefore, it can be clearly recognized that there was not higher variation between those values.

In addition to that, standard deviation emphasizes that how data are scattered around the mean. On the other hand, it was measured that how far one value range away from the mean. According to the values of standard deviation for EMI, EI, PsyCap as mentioned in the table, it can be implied that there were no higher deviations from mean value for each constructs.

**Analysis, interpretation and discussion on Objective 01**

To identify the relationship between Emotional Intelligence and Entrepreneurial Intention.

**Correlation between EMI and EI**

**Table 06; Correlation Analysis of objective 01 with Hypothesis**

	P <Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Emotional Intelligence and Entrepreneurial Intention	0.000 < 0.258	Rejected	Accepted

Source: SPSS output from field information

When paying attention to the p value of the Pearson correlation, it is 0.000 where the relationship or the association is highly significant according to the confidence level of 0.05. Pearson correlation value 0.258 indicates that the relationship between these two variables is positively significant. Those results indicate that there is a positive relationship between Emotional Intelligence and Entrepreneurial Intention with regard to entrepreneurial undergraduates of Sri Lanka. Previously, the studies of (Mortan, 2014) too identified that there is a positive relationship between Emotional Intelligence and the Entrepreneurial Intention.

**Hypothesis 1.**

H1: There is a positive relationship between Emotional Intelligence and Entrepreneurial Intention. (Accepted)

**Analysis, interpretation and discussion on Objective 02**

To identify the relationship between Emotional Intelligence and Psychological Capital.

Correlation between EMI and PsyCap

**Table 07; Correlation Analysis of objective 02 with Hypothesis**

	P <Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Emotional Intelligence and Psychological Capital	0.000 < 0.750	Rejected	Accepted

Source: SPSS output from field information

Citing to the previous literature, Salvador (2008) has demonstrated the fact that emotional intelligence can influence the perception of entrepreneurial self-efficacy. He also has found out that some dimensions of emotional intelligence have a significant positive relationship with entrepreneurial self-efficacy which is a dimension of psychological capital.

Further a positive correlation has been found between hope of success and start-up intentions that testify the fact that people who are convinced of their own strong will, the quality of their skills, and their persistence in the problem-solving process are frequently certain that they would function well as entrepreneurs.

According to the data, correlation between Emotional Intelligence and Psychological Capital is 0.750. Hence there is a high positive linear relationship between two variables and significance of P-value 0.000, it was implied that test is highly significant. Therefore, it rejects the null hypothesis (H0) and accepts the alternative hypothesis which says that there is a positive relationship between Emotional Intelligence and Psychological Capital (H2) at the 95% confidence level. Overall results demonstrated that there is high significance and a positive association between Emotional Intelligence and Psychological capital.

**Hypothesis 2.**

H2: There is a positive relationship between Emotional Intelligence and Psychological Capital. (Accepted)

**Analysis, interpretation and discussion on Objective 03**

To identify the relationship between Psychological Capital and Entrepreneurial Intention.

**Table 08; Correlation Analysis objective 03 with Hypothesis**

	P <Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Psychological Capital and entrepreneurial Intention	0.000 < 0.287	Rejected	Accepted

Source: SPSS output from field information

The correlation coefficient of Psychological Capital and Entrepreneurial Intention is 0.287 and represents a weak positive relationship. It comprehended that the relationship between Psychological Capital and Entrepreneurial Intention are statistically significant (P < 0.05). Therefore, it rejects the null hypothesis (H0) and accepts the alternative hypothesis (H3) at 95% confidence level. Overall results demonstrated that there is a significance and has a weak positive association between of Psychological Capital and Entrepreneurial Intention.

Previous literature has identified that within the global context, Psychological Capital is significantly related to entrepreneurial intention in undergraduate students. (Sebora,2014)

Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Chen et al., 1998; Segal et al., 2005) Studies have revealed the fact that Self-efficacy can influence on

entrepreneurial intentions (Lee, Wong, Der Foo, & Leung, 2011). Self-efficacy being a dimension of psychological capital demonstrates a positive relationship with entrepreneurial intention.

Researches also point out that hope which is also a dimension of psychological capital is positively related to life satisfaction [Valle MF,2004], work satisfaction and performance [Luthans F. and Youssef CM.,2004], and motivation to cope with stressful events. Intending to pursue an entrepreneurial career shows the hope of the individual to reap positive benefits out of stressful events in an entrepreneur's life. This shows that hope is positively related with the motivation to cope with stressful events. Therefore, it can be stated that there is a link between hope and entrepreneurial intention.

Cooper et al. (1988) also noted that entrepreneurs were significantly more optimistic in their perceptions of business situations than non-entrepreneurs. Further Evidence shows highly resilient persons tend to be more effective in uncertain situations (Gardner & Schermerhorn, 2004). Coutu (2002) suggests that highly resilient individual will have ability to adapt to change and stress based on their strong value. It is also said that a pattern of resilience and ability to cope with and also learn from adversity is the key attribute of the successful entrepreneur (Cox & Jennings, 1995).

The findings of this research show that there is a positive correlation (0.287) between the Psychological Capital and Entrepreneurial Intention. The p value of the Pearson correlation of this study is 0.000 where the relationship or the association is highly significant according to the confidence level of 0.05

**Hypothesis 3.**

There is a positive relationship between Psychological Capital and Entrepreneurial intention. (Accepted)

**Analysis, interpretation and discussion on Objective 04**

To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.

*Testing the Assumptions of Regression Model*

There are mainly four assumptions regarding the regression analysis and they are stated in order as follows;

**Assumption of Normality Test**

According to assumption of errors are normally distributed, regression assume that variables have a normal distribution. P-value showed data were normally distributed. Since the P-value was 0.001.

Emotional intelligence and Psychological Capital

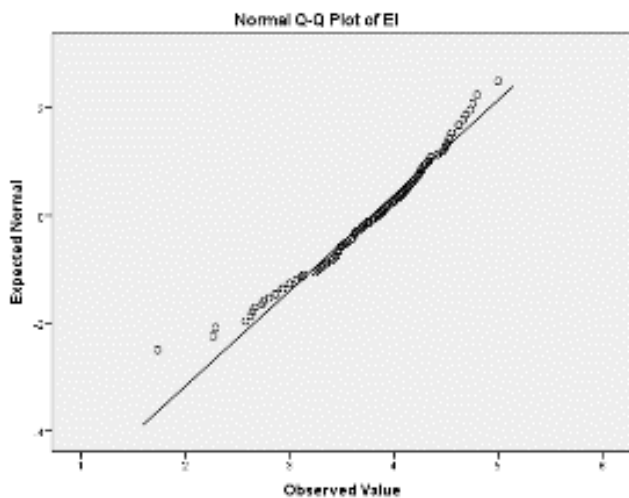


Figure 02; Normal Probability Plot

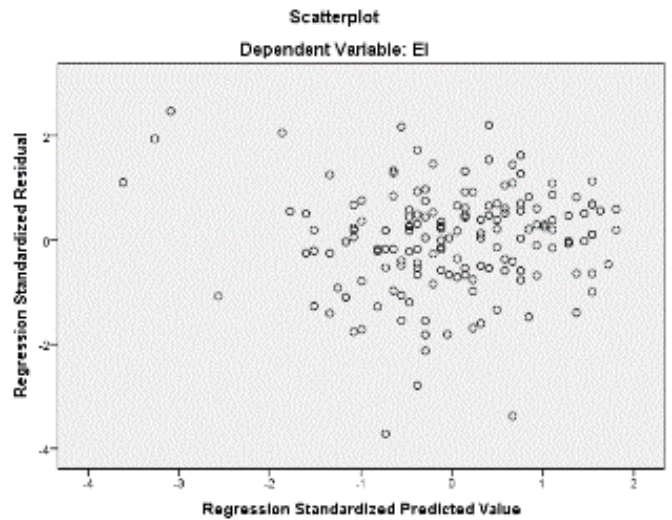
Source: SPSS output from field information

Plotting the empirical distribution of residuals against the normal counterparts can reveal departures from normality. This can be examined from the above figure. There is a normal distribution in the standardized residual of the multiple regression analysis. Hence, the assumption of normality is satisfied.

**Assumption of Auto Correlation**

Durbin-Watson value is used to identify the assumption of independence and furthermore, this test was used to identify the autocorrelation in the residuals. Durbin Watson statistic value was equal to two (2) or closer to two (2) means that there was no autocorrelation in the sample. This study's Durbin-Watson statistic was recorded as 1.943. Hence the above tests, these values are suitable to run a multiple regression analysis.

**Assumption of Homoscedasticity**



Emotional intelligence and Psychological Capital

Figure 03; Scatterplot of Residuals of Regression Analysis

Source: SPSS output from field information

Homoscedasticity or the constancy of the variance of the dependent variable (error variable) can be illustrated through the plots of residuals against any of the independent variables or against the predicted value. The data points in the following figure have been spread without any specific pattern. Therefore, the multiple regression model is not influenced by any problem of heteroscedasticity

**Assumption of Multi-collinearity or the Collinearity**

Multi-collinearity is measured through the Variance Inflation Factor (VIF). According to the output, VIF value was 1.000 and it was lower than the standard value 7.0. This ensures that the regression model does not have any multi-collinearity problems.

*Simple Regression Analysis*

According to this research, dependent variable is Entrepreneurial Intention and the independent variable is Emotional Intelligence. Based on the primary research objective the simple linear regression model is derived as follows,

$$EI = \beta_0 + \beta_1 EMI + \epsilon$$

Figure 04; Simple Linear Regression Model

Source: Based on the primary data

Where,

EMI = Emotional Intelligence EI = Entrepreneurial Intention  $\epsilon$  = Standard Error  $\beta_0, \beta_1$  = Slopes of the curve

Results of regression analysis

**Table 09; Regression analysis of Emotional Intelligence versus Entrepreneurial Intention**

Model	B	Standard Error	t-Value	P-Value
Constant	2.143	.477	4.490	0.000
Average EMI	.410	.122	3.356	0.001

Dependent Variable: EI

Source: SPSS output from field information

Based on the regression analysis information given in above table 4.8 the regression equation can be articulated as follows:

$$EI = 2.143 + 0.410 EMI + \epsilon$$

Figure 05; Regression Analysis Equation

Source: SPSS output from field information

Where,

EMI = Emotional Intelligence EI = Entrepreneurial Intention  $\epsilon$  = Standard Error

Scatter plot related to the regression analysis was as follows.

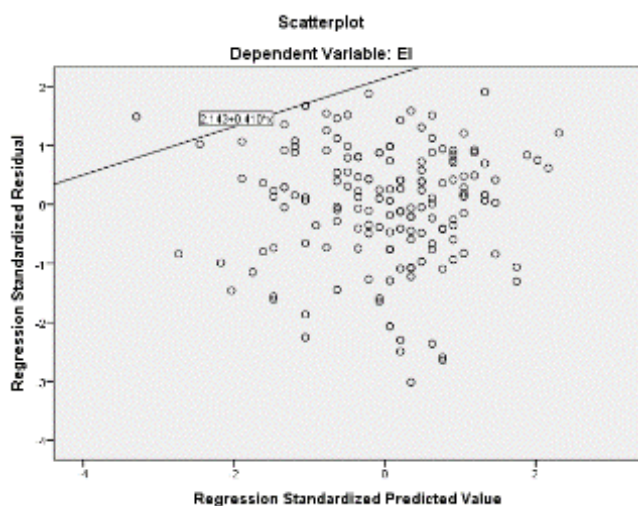


Figure 06; Scatter plot of Emotional Intelligence versus Entrepreneurial Intention

Source: SPSS output from field survey.

In accordance with regression equation the constant value is +2.143. It implies the Entrepreneurial Intention when Emotional Intelligence is equals to the zero level. Furthermore, the coefficient of Emotional intelligence is +0.410. It is the average change in Entrepreneurial Intention due to one unit change in Emotional Intelligence. It suggested that when emotional Intelligence was increased by one unit, Entrepreneurial Intention is increased by the 0.410 approximately 0.4 times. In addition to that it also implies that the positive relationship between emotional Intelligence and Entrepreneurial Intention.

Results of the linear regression analysis were given in Figure 4.7 and these results indicate the impact of Emotional Intelligence on Entrepreneurial Intention. According to the outcome of the regression model, Emotional Intelligence variable indicates the status of significance ( $p < 0.05$ )

Model Summary

**Table 10; Model summary for linear regression analysis**

Figure	Value
R	0.258
R Square	0.067

Adjusted R Square	0.061
Std. Error of the Estimates	0.45838

Source: SPSS output from field survey

Coefficient of determination (R<sup>2</sup>) measures the goodness of fit of regression line to the set of data. It described that (R<sup>2</sup> value of the model) measures the proportion or percentage of total variation in dependent variable which is explained by the independent variables. When considering the linear regression model summary, the R<sup>2</sup> value was 0.067. In accordance with that it can be concluded 0.67% of total variation of Entrepreneurial Intention is explained by the Emotional Intelligence. On the other hand, 99.33% of total variance in the Entrepreneurial Intention is unexplained by the linear regression model. Therefore, it appears that the model was fitted in unfairly manner because other unexplained variation is higher than the explained variation.

Further adjusted R<sup>2</sup> value was 0.061 and standard error of estimate was 0.45838. It implies how data were deviated from the fitted line of regression.

Overall Significance of the Model

Analysis of variance is presented in the following table and includes sum of square, degree of freedom, F value and P value and it presented to ensure the overall significance of the model

**Table 11; Regression Analysis Model summary**

Model	DF	Mean Square	F Value	P Value
Regression	1	2.366	11.260	0.001
Residual	158	.210		
Total	159			

Source: SPSS output from field survey

In accordance with the F value condition it should be greater than the F table value to be significant the overall model. It can be illustrating as F ratio > F table value. In accordance with the table 4.8 F value was 11.260. If it compares with the F table value, the value was 3.94 at 0.05 significant level. ( $\alpha = 0.05$ ). Therefore, the calculated F value was greater than the F table value.

$$\text{Condition F ratio} > \text{F table value}$$

$$11.260 > 3.94$$

Therefore, the null hypothesis is rejected. It illustrates that the regression is meaningful and overall model applied can statistically predict the dependent variable.

Mediator Assessment

The mediation effect assessment is analysed as follows,

Total effect of X on Y

**Table 12; Total effect of X on Y**

Total effect of X on Y					
Effect	SE	T	P	LLCI	ULCI
.410	.122	3.3556	.001	.169	.651

Source: SPSS output from field survey

According to the above table, total effect of x (Emotional Intelligence) on y (Entrepreneurial Intention) is 0.410. The value of effect is fallen in between the lower limit Confident interval (LICI) and upper limit confident interval (ULCI). It is significant with the 95% confident interval (0.001) further the total effect simply denotes the sum of direct and indirect effects on x and y.

Direct effect of X on Y

**Table 13; Direct effect of X on Y**

Direct effect of X on Y					
Effect	SE	T	P	LLCI	ULCI
.156	.183	.851	.396	-.206	.518

Source: SPSS output from field survey

Table No 4.10 Illustrates the direct Effect of x and y. It denotes 0.156 amount of effect between emotional intelligence and entrepreneurial intention. Further, it

is not significant with the 95% confident interval because the value of effect is fallen in between the negative lower limit (LLCI) (-.206) and positive upper limit (ULCI) (.518)

*Indirect effect of X on Y*

**Table 14; Indirect effect of X on Y**

Indirect effect of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.254	.130	-.012	.503

Source: SPSS output from field survey

The indirect effect of x on y denote how Psychological capital contribute to the relationship between emotional intelligence and entrepreneurial intention. Above Table 4.11 Illustrates the indirect Effect of x and y. It denotes 0.254 amount of effect between emotional intelligence and entrepreneurial intention. Further, it is not significant with the 95% confident interval because the value of effect has fallen in between the negative lower limit (LLCI) (-.012) and positive upper limit (ULCI)(.503)

*Partially Standardized Indirect effect of X on Y*

**Table 15; Partially Standardized Indirect effect of X on Y**

Partially Standardized Indirect effect of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.537	.272	-.025	1.044

Source: SPSS output from field survey

Above Table No 4.16 Illustrates the partial indirect Effect of x on y. It denotes 0.537 amount of effect between emotional intelligence and entrepreneurial intention. Further, it is not significant with the 95% confident interval because the value of effect has fallen in between the negative Boot lower limit (BootLLCI)(-.025) and positive Boot upper limit (BootULCI)(.503)

*Completely standardized indirect effect(s) of X on Y*

**Table 16; Completely Standardized Indirect effect of X on Y**

Completely standardized indirect effect(s) of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.160	.082	-.008	.313

Source: SPSS output from field survey

When considering the assessment of complete mediating effect, the emotional intelligence totally affects the Entrepreneurial Intention by .160. The value is in between the lower and upper limits, it is significant.

This interpretsthe effect when independent variable (emotional intelligence) goes through the mediator (psychological Capital) to the dependent variable (Entrepreneurial Intention) which is .160. It denotes that there is no significance because effect value .160 is in between negative lower limit (-008) and positive upper limit (.313)

Though, research findings carried out till date has established the role of Emotional Intelligence in facilitating Entrepreneurial Intention, however it is less known that for what extent does Psychological Capital mediates this relationship. Previous studies (Ahmetoglu et al., 2011; Zampetaskis et al., 2009) investigated the relationship between Emotional Intelligence and various entrepreneurial outcomes, but there is almost no existing literature exploring the effect that Emotional Intelligence may have on entrepreneurial intention when mediated by Psychological Capital. This study broadened the understanding of this relationship.

Even though the study by Mortan et al.(2014) confirmed the relationship between certain Emotional Intelligence dimensions and entrepreneurial intention mediated by self-efficacy which is a dimension of psychological Capital, this study which evaluated the mediation effect with all the dimensions of Psychological Capital shows a different outcome.

Therefore, according to the analyzed data, the total effect of x on y is 0.410 and amount of effect between Emotional Intelligence and Entrepreneurial Intention. Further, it is significant with the 95% confident interval (0.001). Further, the direct effect of x denotes 0.156 between Emotional Intelligence and

Entrepreneurial Intention. The indirect effect of x on y denotes that how Psychological Capital contribute to the relationship between Emotional Intelligence and Entrepreneurial Intention. It denotes 0.254 amount of effect between Emotional Intelligence and Entrepreneurial Intention. However, as the direct and indirect effects fall between negative and positive limits, the interpretation has to be concluded as there is no mediation effect between Emotional Intelligence and Entrepreneurial Intention with the Psychological Capital.

Thus according to the interpreted data and past literature, it can testify that there is no mediation effect and 4th objective is not achieved

#### Hypothesis 4.

H4: There is a mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention. (Rejected)

## CONCLUSION AND RECOMMENDATIONS

The study put forward the suggestions towards conducting more entrepreneurial awareness programmes as to develop the need for developing the skills and attitudes that add up to an entrepreneurial mind set as like lateral thinking, questioning, independence, self-reliance and risk tolerance.

Training potential entrepreneurs on their emotional intelligence, supporting them in developing their skill to appraise, managing and using their emotions in the challenging situations that entrepreneurial process may bring about, can turn in a key success factor.

Thus, researcher encourages those who want to promote innovation, value creation, and entrepreneurial behaviour to give training also on emotional intelligence's aspects, besides the common entrepreneurial training. Emotional intelligence abilities affect the perceptions of being an effective entrepreneur as well as the intention of undertaking an entrepreneurial path.

Business incubators should be started and sustained in management colleges as to nourish and help students gear up toward speeding the growth and success of start-up and early stages of entrepreneurship. It is recommended that industry-academic integration should be dealt with more significantly as to help with mentoring and advisory services by successful entrepreneurs.

Further, entrepreneurial clubs should become more vigorous and organize programs like business-plan competitions, access to entrepreneurial resources and workshops of concern. A conceptual research model that will support accelerated youth entrepreneurship should be developed in the country and research institutions should be contracted to populate this research model. Furthermore, government regulations should be tested regarding their impact on youth entrepreneurship development as a standard item. Fresh approaches are thus needed to stimulate youth entrepreneurship. Therefore, policies and programs to encourage youth entrepreneurship in these areas should be researched.

## Managerial Implications

The findings of this research have important implications for the policy makers and university academics to promote entrepreneurial culture within the country.

Policy makers can identify the necessity of implementing policies in order to promote emotional and psychological competencies of undergraduates due to the fact that findings of this research suggests that there is a positive influence of emotional intelligence and psychological capital on entrepreneurial intention.

Academics also should consider more on activities and events that are favourable to the enhancement of undergraduates' emotional and psychological competencies to drive forward the entrepreneurial capabilities within them.

## Future Research Areas

As with all studies, this study suffers some limitation providing an opportunity to the future researchers. First, the current study is based on four universities which provide entrepreneurship based degree programs in Sri Lankan context. Hence, future research can be conducted with the use of other local and foreign universities as the sample for the study.

Secondly this research study is not specifically based on a particular degree program or area of study related to the field of management. Future research can be conducted by narrow-downing the sample.

Third, future research can be conducted on different other aspects that may lead undergraduates to pursue their entrepreneurial intention. Finally, the future research can focus more on many other mediators to identify further mediation effects of the existing relationships.

## REFERENCES

- AHMETOGLU, G., ET AL. (2011). "EQ-NOMICS: UNDERSTANDING THE RELATIONSHIP BETWEEN INDIVIDUAL DIFFERENCES IN TRAIT EMOTIONAL INTELLIGENCE AND ENTREPRENEURSHIP." PERSONALITY AND INDIVIDUAL DIFFERENCES **51**(8): 1028-1033.
- ALAM, S. S. AND M. K. M. NOOR (2009). "ICT ADOPTION IN SMALL AND MEDIUM ENTERPRISES: AN EMPIRICAL EVIDENCE OF SERVICE SECTORS IN MALAYSIA." INTERNATIONAL JOURNAL OF BUSINESS AND MANAGEMENT **4**(2): 112.
- APOLLONIO, M., ET AL. (2003). "SEARCH FOR NEUTRINO OSCILLATIONS ON A LONG BASE-LINE AT THE CHOOZ NUCLEAR POWER STATION." THE EUROPEAN PHYSICAL JOURNAL C-PARTICLES AND FIELDS **27**(3): 331-374.
- AUTIO, E., ET AL. (1997). "ENTREPRENEURIAL INTENT AMONG STUDENTS: TESTING AN INTENT MODEL IN ASIA." SCANDINAVIA AND USA.
- BARBER, A. E., ET AL. (1999). "A TALE OF TWO JOB MARKETS: ORGANIZATIONAL SIZE AND ITS EFFECTS ON HIRING PRACTICES AND JOB SEARCH BEHAVIOR." PERSONNEL PSYCHOLOGY **52**(4): 841-868.
- BARON, R. A. (2008). "THE ROLE OF AFFECT IN THE ENTREPRENEURIAL PROCESS." ACADEMY OF MANAGEMENT REVIEW **33**(2): 328-340.
- BRENNER, S. N. (1993). THE STAKEHOLDER THEORY OF THE FIRM AND ORGANIZATIONAL DECISION MAKING: SOME PROPOSITIONS AND A MODEL. PROCEEDINGS OF THE INTERNATIONAL ASSOCIATION FOR BUSINESS AND SOCIETY.
- CHANDLER, G. N. AND G. M. MCEVOY (2000). "HUMAN RESOURCE MANAGEMENT, TQM, AND FIRM PERFORMANCE IN SMALL AND MEDIUM-SIZE ENTERPRISES." ENTREPRENEURSHIP THEORY AND PRACTICE **25**(1): 43-58.
- CROPANZANO, R. AND T. A. WRIGHT (1999). "A 5-YEAR STUDY OF CHANGE IN THE RELATIONSHIP BETWEEN WELL-BEING AND JOB PERFORMANCE." CONSULTING PSYCHOLOGY JOURNAL: PRACTICE AND RESEARCH **51**(4): 252.
- CSIKSZENTMIHALYI, M. (2004). GOOD BUSINESS: LEADERSHIP, FLOW, AND THE MAKING OF MEANING, PENGUIN.
- DWERRYHOUSE, R. (2001). "REAL WORK IN THE 16-19 CURRICULUM: AVCE BUSINESS AND YOUNG ENTERPRISE." EDUCATION+ TRAINING **43**(3): 153-162.
- ELJADI, A. (2007). "EXPLORING THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE AND ORGANISATIONAL CITIZENSHIP BEHAVIOUR, AND THE POTENTIAL MODERATOR EFFECT OF JOB CONTROL IN SERVICE COMPANIES." UNPUBLISHED MBA. UNIVERSITI SAINS MALAYSIA, MALAYSIA.
- FAYOLLE, A. AND B. GAILLY (2005). "USING THE THEORY OF PLANNED BEHAVIOUR TO ASSESS ENTREPRENEURSHIP TEACHING PROGRAMMES." CENTER FOR RESEARCH IN CHANGE, INNOVATION AND STRATEGY OF LOUVAIN SCHOOL OF MANAGEMENT, WORKING PAPER **5**: 2005.
- FREDRICKSON, B. L., ET AL. (2003). "WHAT GOOD ARE POSITIVE EMOTIONS IN CRISIS? A PROSPECTIVE STUDY OF RESILIENCE AND EMOTIONS FOLLOWING THE TERRORIST ATTACKS ON THE UNITED STATES ON SEPTEMBER 11TH, 2001." JOURNAL OF PERSONALITY AND SOCIAL PSYCHOLOGY **84**(2): 365.
- GARTNER, W. B., ET AL. (1992). "ACTING AS IF: DIFFERENTIATING ENTREPRENEURIAL FROM ORGANIZATIONAL BEHAVIOR." ENTREPRENEURSHIP THEORY AND PRACTICE **16**(3): 13-32.
- GIBB, S. (1999). "THE USEFULNESS OF THEORY: A CASE STUDY IN EVALUATING FORMAL MENTORING SCHEMES." HUMAN RELATIONS **52**(8): 1055-1075.
- GOLEMAN, D. (2001). "AN EI-BASED THEORY OF PERFORMANCE." THE EMOTIONALLY INTELLIGENT WORKPLACE: HOW TO SELECT FOR, MEASURE, AND IMPROVE EMOTIONAL INTELLIGENCE IN INDIVIDUALS, GROUPS, AND ORGANIZATIONS **1**: 27-44.
- GORMAN, G., ET AL. (1997). "SOME RESEARCH PERSPECTIVES ON ENTREPRENEURSHIP EDUCATION, ENTERPRISE EDUCATION AND EDUCATION FOR SMALL BUSINESS MANAGEMENT: A TEN-YEAR LITERATURE REVIEW." INTERNATIONAL SMALL BUSINESS JOURNAL **15**(3): 56-77.
- GRAHAM, M. E., ET AL. (2002). STOCK-RELATED REWARDS, SOCIAL IDENTITY, AND THE ATTRACTION AND RETENTION OF EMPLOYEES IN ENTREPRENEURIAL SMES. MANAGING PEOPLE IN ENTREPRENEURIAL ORGANIZATIONS, EMERALD GROUP PUBLISHING LIMITED: 107-145.
- IBRAHIM, A. B. AND K. SOUFANI (2002). "ENTREPRENEURSHIP EDUCATION AND TRAINING IN CANADA: A CRITICAL ASSESSMENT." EDUCATION+ TRAINING **44**(8/9): 421-430.
- JOHNSON, G., ET AL. (2008). EXPLORING CORPORATE STRATEGY: TEXT & CASES, PEARSON EDUCATION.
- KOLB, A. Y. AND D. A. KOLB (2005). "LEARNING STYLES AND LEARNING SPACES: ENHANCING EXPERIENTIAL LEARNING IN HIGHER EDUCATION." ACADEMY OF MANAGEMENT LEARNING & EDUCATION **4**(2): 193-212.
- KOLVEREID, L. (1996). "ORGANIZATIONAL EMPLOYMENT VERSUS SELF-EMPLOYMENT: REASONS FOR CAREER CHOICE INTENTIONS." ENTREPRENEURSHIP THEORY AND PRACTICE **20**(3): 23-31.
- KURATKO, D. F. (2005). "THE EMERGENCE OF ENTREPRENEURSHIP EDUCATION: DEVELOPMENT, TRENDS, AND



CHALLENGES." ENTREPRENEURSHIP THEORY AND PRACTICE **29**(5): 577-597.

EXPERIENCES." HUMAN RESOURCE MANAGEMENT REVIEW **12**(2): 173-194.

LOPES, P. N., ET AL. (2003). "EMOTIONAL INTELLIGENCE, PERSONALITY, AND THE PERCEIVED QUALITY OF SOCIAL RELATIONSHIPS." PERSONALITY AND INDIVIDUAL DIFFERENCES **35**(3): 641-658.

LÜTHJE, C. AND N. FRANKE (2003). "THE 'MAKING' OF AN ENTREPRENEUR: TESTING A MODEL OF ENTREPRENEURIAL INTENT AMONG ENGINEERING STUDENTS AT MIT." R&D MANAGEMENT **33**(2): 135-147.

MITTAL, S. AND R. L. DHAR (2015). "TRANSFORMATIONAL LEADERSHIP AND EMPLOYEE CREATIVITY: MEDIATING ROLE OF CREATIVE SELF-EFFICACY AND MODERATING ROLE OF KNOWLEDGE SHARING." MANAGEMENT DECISION **53**(5): 894-910.

MORIANO, J. A., ET AL. (2012). "A CROSS-CULTURAL APPROACH TO UNDERSTANDING ENTREPRENEURIAL INTENTION." JOURNAL OF CAREER DEVELOPMENT **39**(2): 162-185.

MORTAN, R. A., ET AL. (2014). "EFFECTS OF EMOTIONAL INTELLIGENCE ON ENTREPRENEURIAL INTENTION AND SELF-EFFICACY." REVISTA DE PSICOLOGÍA DEL TRABAJO Y DE LAS ORGANIZACIONES **30**(3).

SEGAL, G., ET AL. (2005). "THE MOTIVATION TO BECOME AN ENTREPRENEUR." INTERNATIONAL JOURNAL OF ENTREPRENEURIAL BEHAVIOR & RESEARCH **11**(1): 42-57.

SNAREY, J. R. AND G. E. VAILLANT (1985). "HOW LOWER-AND WORKING-CLASS YOUTH BECOME MIDDLE-CLASS ADULTS: THE ASSOCIATION BETWEEN EGO DEFENSE MECHANISMS AND UPWARD SOCIAL MOBILITY." CHILD DEVELOPMENT: 899-910.

STAW, B. M., ET AL. (1994). "EMPLOYEE POSITIVE EMOTION AND FAVORABLE OUTCOMES AT THE WORKPLACE." ORGANIZATION SCIENCE **5**(1): 51-71.

THORESEN, C. J., ET AL. (2003). "THE AFFECTIVE UNDERPINNINGS OF JOB PERCEPTIONS AND ATTITUDES: A META-ANALYTIC REVIEW AND INTEGRATION."

UDDIN, M. R. AND T. K. BOSE (2012). "DETERMINANTS OF ENTREPRENEURIAL INTENTION OF BUSINESS STUDENTS IN BANGLADESH." INTERNATIONAL JOURNAL OF BUSINESS AND MANAGEMENT **7**(24): 128.

VIRUELL-FUENTES, E. A., ET AL. (2012). "MORE THAN CULTURE: STRUCTURAL RACISM, INTERSECTIONALITY THEORY, AND IMMIGRANT HEALTH." SOCIAL SCIENCE & MEDICINE **75**(12): 2099-2106.

WANG, C. K. AND P.-K. WONG (2004). "ENTREPRENEURIAL INTEREST OF UNIVERSITY STUDENTS IN SINGAPORE." TECHNOVATION **24**(2): 163-172.

WEISS, H. M. (2002). "DECONSTRUCTING JOB SATISFACTION: SEPARATING EVALUATIONS, BELIEFS AND AFFECTIVE