Spiritual Intelligence and Entrepreneurial Success in Family Business: An Enquiry

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Abstract: The research is an enquiry to find whether Spiritual Intelligence of an entrepreneur in family business has any effect on success of an entrepreneurial both in the terms of personal success and organisational success. This holistic approach in the study is maintained so that we can understand what are the factors of spiritual intelligence and how do they affect every factor in both personal success and organisation success of an entrepreneur.

I. Introduction

Keeping the strands of Western and Indian thoughts as the base for spiritual quotient, this research would analyse the probability by which the success of an entrepreneur can be improved especially during the times of rising corporate fraud (Say, 1971) (McClelland, 1961) (Cox & Jennings, 1995) (Hirich & Gracher, 1995) (Hodgetts & Kuratko, 1992) (Kriger & Hanson, 1999) (Markman & Baron, 2003) and scams and become the factor for their long run success, since a slew of fraudulent business activities and corporate scandals have been uncovered in most of the countries. However, ethical issues arise not only in ‘big business’ and in the form of major scandals, but also in the form of every day decision-making among small-scale entrepreneurs. Thus the trend toward an ever-growing awareness of the relevance of ethics to business has begun in the late 1980s.

Intelligence was found to be the most prototypical of a leader when compared to 58 other attributes such as honesty, charisma and kindness Lord, Foti & Vadar (1994).

In discussing deeply on intelligences: mental, physical, emotional, and spiritual intelligences, Covey (2004) argues that spiritual intelligence is the central and most fundamental of all the intelligences because it becomes the source of guidance of the other three. Spiritual intelligence represents our drive for meaning and connection. Hence, Covey sees SI as the key to going beyond effectiveness to leadership greatness to contribute to organizational leadership advancement and greater business profitability.

India, for many ages, Vedas, Upanishads, Bhagavad Gita and various old Indian scriptures have been speaking about spirituality as a way of life. Traditionally, spirituality has influenced the way of living (Pilch, 1988). Swami Ranganathan (1958) said that realisation of the Self is the goal of human life and this goal can be attained through different paths- these constitute the fundamental ideas that have inspired Indian life; provided a spiritual base and spiritual direction to Indian culture and shaped the destiny of the Indian people.

Even Kautilya’s practical rulebook “Arthashastra” is another guide to business leadership for today’s world, since it gives the framework within which rulers of kingdoms, i.e. the leaders of a state should take actions and make decisions.

II. Need for Research

It was found that in India, there is a rise in the incidence of fraud – ineffective control systems and diminishing ethical values are key contributors to this trend (KPMG India Fraud survey report 2010). Many organisations have undergone difficult issues and even closed down due to unethical actions by entrepreneurs, which have blown out as major scams in corporate world. In a recent study, 75% of Indian managerial leaders were found to be “skill-strong but value weak” and has been the main reason for their failures.

During these times, a proper study to enhance and build a stronger value system for an organisation is required for the corporate world. Since Spiritual Intelligence deals with the basic intelligence dealing with one’s value and belief systems, the study should concentrate in the area of spiritual intelligence of the entrepreneur. Since not much research has been done in this area, a research gap has been found in this area of entrepreneurship.

In India, family businesses account for the vast majority of national output and employment. In study by Deloitte, a cording to Business Today, family run businesses account for 25% of India Inc’s sales, 32% of profits after tax, almost 18% of assets and over 37% of reserves. Thus Family Businesses form the ‘backbone’ of India (Thiruvengadam, Vishalli, Bhavani, & Indrani, 2013). So this research is conducted on family business

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entrepreneurs and will provide the platform to understand how spiritual intelligence influences the entrepreneur and further upon give us a way to resolve the value-weakened organisations and helps in sustainability of the organisation and thus fill the gap found in the studies of entrepreneurship.

III. Operational Definitions

3.1. Family Business Entrepreneur

In this study the entrepreneur is an individual who is responsible for the organisation and the main decision making authority of the organisation especially in terms of laying down the vision, mission, goals and objectives of the organisation and even decisions pertaining to the all the critical success factors of the organisation. Family Business is the business governed and/ or managed by the family or small number of families with a common vision, controlled by the members of the family or families in order to sustain the business to be passed across the generations of the family or families. (Chua, Crisman, & Sharma, 1999)

3.2. Spiritual Quotient

According to the study, spiritual quotient is defined as the tool by which the spiritual intelligence is measured. In 2000, Spiritual intelligence was coined and introduced by Danah Zohar and was defined as the intelligence with which problems related to meaning and value are addressed and solved. It is an intelligence with which one will plan and place one’s actions and one’s life in a wider, richer, meaning-giving context. Spiritual intelligence is the intelligence with which one can access one’s deepest meanings, purposes, and highest motivations. It is the intelligence with which fundamental question are asked and with which answers are reframed. SI becomes a form of “hyper-thinking giving rise to” meaning-giving, contextualizing, and transformative intelligence. This study takes this as the definition for the spiritual intelligence (Zohar & Marshall, 2000). In this study we find the following as the main factors contributing to the spiritual intelligence of an individual and forms the independent variables of the study

- Being Vision Led and Value Driven: In this study, this factor includes the importance of vision and values, which would provide the focus point and base for the life of an individual respectively. According to Zohar and Marshall, Being vision- and value-led is acting from principles and deep beliefs, and living accordingly
- Being Inquisitive: A trait of a genius which helps in keeping their mind active and thirsty for new knowledge or too know more about various branches of knowledge. It also keeps the mind open so helps in being creative and innovative. According to Zohar and Marshall, being inquisitive was shown as tendency to ask fundamental “Why?” questions, thus needing to understand things and get to the bottom of them
- Being Positive: A factor that shows a ability of an individual to see everything in a positive, optimistic way, even find positive aspects in adverse times and adapt easily according to the situation. According to Zohar and Marshall, Positive use of adversity is learning and growing from mistakes, setbacks, and suffering
- Being Self Aware: is the ability of an individual to recognize oneself as an individual separate from the environment and other individuals, normally introspecting is a process an individual adopts for gaining this ability. Zohar and Marshall believed Self-awareness is about Knowing what I believe in and value, and what deeply motivates me
- Being Service Oriented: is a trait in an individual where he sees service to others above him and makes sure he allot his time and efforts for the societal benefits. Sense of vocation is a feeling called upon to serve, to give something back, according to Zohar and Marshall.

3.3. Entrepreneurial Success

According to the study, entrepreneurial success is defined as the measurement of success of an entrepreneur based on their critical success factors of an individual (such as work life balance, financial performance, being a visionary and personal satisfaction) and critical success factors of an organisation (such as resource management, financial management and stakeholder management). Entrepreneurial success has been defined in different ways. The easiest definition is through tangible elements such as revenue or a firm’s growth, personal wealth creation, profitability, sustainability, turnover (Amit, MacCrimmon, Zietsma, & Oesch, 2000; Barkham, Gudgin, Hart, & Hanvey, 1996; Bruderl & Preisendorfer, 1998; Forsaith & Hall, 2000; Gray, 1998; Ibrahim & Goodwin, 1986; Kalleberg & Leicht, 1991; Kelmar, 1991; Perren, 1999).

But an organisation has intangibles assets like employee competencies, relationship with customers and other stakeholders, culture, values, image and management process (Edvinsson & Malone, 1997; Sveiby, 1997).

As this study is basically covering small business owners, we have to consider the following study. It is noted that most of the small business owners work on a full-time basis within their businesses, then logically most business decisions must be taken by the owners, either individually or with a partner. Therefore the personal abilities and motivations of the small business owners will impact the growth of business (Walker & Brown, 2004).
The following factors become the dependent variables for the study

Critical success factors of an individual

- Work Life Balance: In this study, work life balance is defined as the balance maintained between work and lifestyle on the basis of time and efforts spend on either of them and prioritising according to the requirement of the situation and resolving work-life conflicts. In a 2004 study done by Elizabeth Walker and Alan Brown, a flexible lifestyle is one of the most important considerations for these business owners. Flexible lifestyle was taken as a balance between business and personal life. And this factor also deals with the relationship maintained by the individual with his family, friends, employees, customers, society, etc. The networking and interacting skills of the individual are exhibited in this concept. Entrepreneur individuals have strong inter-individual relationships. Generally, they have strong social relations and try to eliminate problems of the society by representing creative and new ideas through investigation or searching in the society (Javadi, Mehrabi, Jamkhaneh, & Samangooei, 2012).
- Financial management is the way a person manages his finances providing for the necessities like business and family and security for the future success. Individual entrepreneurship is a process in which an individual establishes a new business by relying on financial and mostly personal resources based on personality characteristics like activity, risk acceptation being a man of action and directs it until obtaining success (Sang-Hoon, 2005).
- Being a Visionary: is the way an individual is aware about oneself, one’s capabilities and also visualises his/her own future. The vision of future gives a foundation for planning for sustainability of both family and business. It is found that being a visionary is one of the most significant factors for entrepreneurial success (Makhbul, 2011).
- Personal Satisfaction: is the satisfaction, which an individual feels by accomplishing certain actions. Personal satisfaction is one of the most important considerations for the business owners (Walker & Brown, 2004).

Critical Success factors of an organisation

- Stakeholder management: supports an organization’s strategic objectives by interpreting and influencing both the external and internal environments and by creating positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives. Even Corporate Social Responsibility (CSR) of the organisation is included in this factor, in this study The performance prism is a new framework that has taken the success factors based on the stakeholders’ point of view. The performance prism is a new framework that has taken the success factors based on the stakeholders’ point of view (Neely, Adams, & Kennerley, 2002).
- Resource Management: in this study, this factor includes the process of analysing all the resources (human, material, etc.) of the organisation and its requirements and allotting for its optimised utilisation. Qualitative questions are asked based on the basis of Dynamic performance measurement system, which is designed for small organisations and takes care of the resource management (Laitenin, 1996). It analyses the transformation of resources into company profits in their processes.
- Financial Performance: this factor includes the financial performance analysis of the organisation and control system on finances of the organisation. Financial criteria are usually considered to be the most appropriate measure of business success. Traditional measures of business success have been based on either employee numbers or financial performance, such as profit, turnover or return on investment (Barkham, Gudgin, Hart, & Hanvey, 1996; Bruderl & Preisendorfer, 1998; Forsaith & Hall, 2000; Ibrahim & Goodwin, 1986; Kalleberg & Leicht, 1991; Kelmar, 1991).

In this study, independent variable is the Spiritual Quotient and the dependent variable is the Entrepreneurial Success.

IV. Data Collection

The study used the questionnaire method where the entrepreneurs were questioned on spiritual quotient and critical success factors. The targeted group comprises the family business entrepreneurs in the retail and service industry. The universe of 300 family business entrepreneurs was taken from the North Malabar Chamber of Commerce and the questionnaire was distributed to 300 respondents. They were administered personally. Out of these 230 questionnaires were returned and only 200 questionnaires were usable, which had a respondent’s rate of 67%.

Once the conceptual framework was established, five purposely chosen experts in the areas of spiritual quotient, entrepreneurial success and questionnaire design were asked to review the draft of 128-item questionnaire to ensure it was consistent with the conceptual framework. Each reviewer independently rated the relevance of questionnaire containing each item on spiritual quotient to the conceptual framework using a 5-
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point Likert scale (1= Strongly Disagree, 2= Disagree, 3= Average, 4= Agree and 5= Strongly Agree) and another section of questionnaire containing each item on entrepreneurial success to the conceptual framework using a 5-point Likert scale (1= Never, 2= Rarely, 3= Sometimes, 4= Often and 5= Always).

V. Data Analysis

5.1 Validity of the Instrument

Academicians, experienced entrepreneurs and research professionals as experts were used to establish content validity as well as the face validity of the instruments. (Criterion-related validity was later established through the study for most of the variables.)

5.2 Factor Analysis

Factor Analysis was done on the questionnaire and separate factors for spiritual quotient and entrepreneurial success was analysed separately. The method used was principal component analysis with varimax rotation. For each factor, a summated scale was formed by combining all the variables loading highly on the factor and using the average score of the variables as a replacement variable.

However, to ensure an appropriate sample size was obtained for the current study to enable factor analysis to be undertaken two criteria were considered:

1. Kaiser-Meyer-Olkin (KMO) sampling adequacy
2. Factor Loadings and the correlation between a variable and a factor (Hayes, 2002)

5.3 Reliability of Items

Reliability refers to the consistency or stability of a measure. In other words, a measure should yield the same estimate on repeated use when the measured trait has not changed, although the estimates may be inaccurate.

Internal consistency reliability is concerned with homogeneity of the items comprising a scale. A scale is internally consistent to the extent that its items are highly inter-correlated. High inter-item correlates suggest that the items all measure the same thing. Internal consistency is typically equated with Cronbach’s coefficient alpha. The reliabilities of the summated scales were calculated. Reliabilities of existing scales were also calculated for this sample.

5.4 Regression Analysis

In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

Statistical Package for Social Sciences (SPSS)

The above analysis has been undertaken with Statistical Package for Social Science (SPSS) Version 20.

5.5 AMOS: To identify the effect the SEM model was used, using AMOS software, to build the relationship among the variables.

VI. Results of the Study

6.1 Factors of Spiritual Quotient

The questionnaire was adopted based on the 12 principles of Spiritual quotient (Zohar & Marshall, 2000). The questionnaire consisted of 70 questions and undergoes the following statistical tests for finding the factors. To ensure having an approximate sample size and to undertake the factor analysis the Kaiser-Meyer-Olkin (KMO) sampling adequacy on the Spiritual Quotient was identified.

Table- 1.1 Kaiser-Meyer-Olkin and Bartlett’s Test of Sphericity

<table>
<thead>
<tr>
<th>Measure of Sampling Adequacy</th>
<th>Approx. Chi-Square</th>
<th>df</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin</td>
<td>5265.002</td>
<td>2346</td>
<td>.000</td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td>.576</td>
<td>.090</td>
<td></td>
</tr>
</tbody>
</table>

The KMO statistics varies between 0 and 1. A value of 0 indicates that the sum of partial correlations is large in comparison to the sum of correlations, which indicates diffusion in the pattern of correlation, and the factor analysis is inappropriate. A value close to one indicates factor analysis will yield distinct and reliable factors. The value should be ≥ 0.5 and are described between 0.5 and 0.7 as mediocre; 0.7 and 0.8 as good, and 0.9 as great, and > 0.9 as superb. Therefore using Kaiser’s scale, the sampling adequacy value of 0.576 for the spiritual quotient of entrepreneur is mediocre.

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Bartlett’s test of sphericity compares correlation matrix to an identified matrix. The chi-square value is 5265.002 and the significance level is p value ≤ .05. It is significant.

On the basis of these tests, items were eliminated from the factor pattern matrix of the Spiritual Quotient questionnaire where the factor loading ≥ ± 0.5. The sample size used in the validation process was 200: as a result, twelve items with a loading <0.5 were deleted. The remaining items with a loading ≥ 0.5 were accepted. One remaining item had a loading of .399, but it was accepted because it was important to the relevant factor.

The final Principal Component Analysis (PCA) of the five-factor solution with 57 items accounted for 89.604%. There are five factors of spiritual quotient questionnaire:

a. **Being Self-Aware** accounts for 27.153% of the total variance with time management given as an important factor so that one finds time for oneself and others and contemplate on every single moment of life with a factor loading varying from 0.826-0.626.

b. **Being Value and Vision-Led** accounts for 20.272% of the total variance showing that in which “open mindedness” have a factor loading of 0.833 and “importance of value systems” follows the trait with a loading of 0.819-0.587.

c. **Being Service-Oriented** accounts for 15.232% of the total variance and also emphasises that heart and soul has to be put in one’s action for being service-oriented with a factor loading of 0.832 and 0.797.

d. **Being Positive** accounts for 15.463% of the total variance and shows one must have a positive approach for any adversities for being positive with a factor loading of 0.834.

e. **Being Inquisitive** accounts for 11.484% of the total variance tendency to ask the fundamental question “Why?” and has a factor loading of 0.863

Investigating the factor loading and the pattern of data collected, we found that certain characteristics acted similarly, thus 12 factors have been reduced to a 5 factor variables in the below manner:

1. Self Awareness and Being Vision and Value Led showed the same pattern of answers, which we have taken as one factor as Being Vision and Value Led
2. Spontaneity, Holism, Field Independence and Humility showed a similar pattern, which we have taken as Being Self-Aware.
3. Compassion, Celebration of diversity, Sense of Vocation showed a similar pattern and we have taken it as Being Service Oriented
4. Tendency to ask fundamental question Why? standed alone and is being considered as Being Inquisitive
5. Being Positive factor is consisting of similar pattern followed by Ability to reframe and Positive Use of Adversity.

### 6.2 Factors related to Organisational Success

The questionnaire was formulated on the basis of three measures for measuring success of organization:

- Balance Score Card (Kaplan & Norton, 1992)
- Performance Prism (Neely, Adams, & Kennerley, 2002)

To ensure having an approximate sample size and to undertake the factor analysis the Kaiser-Meyer-Olkin (KMO) sampling adequacy on the Organisational Success was identified.

<table>
<thead>
<tr>
<th>Table- 1.2 Kaiser-Meyer-Olkin and Bartlett’s Test of Sphericity</th>
</tr>
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<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
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<tr>
<td>df</td>
</tr>
<tr>
<td>Sig.</td>
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</tbody>
</table>

Therefore using Kaiser’s scale, the sampling adequacy value of 0.795 for the spiritual quotient of entrepreneur is good.

Bartlett’s test of Sphericity compares correlation matrix to an identified matrix. The chi-square value is 934.749 and the significance level is p value ≤ .05. It is significant.

On the basis of these tests, nineteen items were taken from the factor pattern matrix of the Organisational Success questionnaire where the factor loading ≥ ± 0.5. The sample size used in the validation process was 200: as a result, none were deleted since all nineteen items had factor-loading ≥ 0.5. The final Principal Component Analysis (PCA) of the three-factor solution with 19 items accounted for 88.46%.

The scales of this part of questionnaire are:
a. **Stakeholder Management** accounts for 33.104% of the total variance and shows that relationship with customers, suppliers, employees, investors, banks, media and other stakeholders have to be maintained very well for organisational success.

b. **Resource Management** accounts for 29.038% of the total variance and shows that every resource-human, assets and other resources to be managed well.

c. **Financial Management** accounts for 26.324% of the total variance.

### 6.3 Factors related to Personal Success

The questionnaire was formulated after reviewing various literature and incorporating factors from the body of review of literature and the following was incorporated: Work life balance, Personal Satisfaction, Financial Performance and being Visionary. To ensure having an approximate sample size and to undertake the factor analysis the Kaiser-Meyer-Olkin (KMO) sampling adequacy on the Personal Success was identified.

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>647</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>2075.781</td>
</tr>
<tr>
<td>df</td>
<td>741</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

Therefore using Kaiser’s scale, the sampling adequacy value of 0.647 for the spiritual quotient of entrepreneur is mediocre. Bartlett’s test of Sphericity compares correlation matrix to an identified matrix. The chi-square value is 2075.781 and the significance level is p value ≤ .05. It is significant.

The subscales of this part of questionnaire are:

a. **Work-Life Balance** accounts for 34.591% of the total variance and with a factor loading of 0.901, “support from the family and persons close to the individual” is an important factor.

b. **Financial Management** accounts for 25.94% of the total variance and the factor loading from 0.913-0.631 shows that the proper utilisation of money is important.

c. **Being a Visionary** accounts for 18.673% of the total variance, thus helping the individual to visualise their future and reframe accordingly for the requirement or adversity and it is showed by factor loading of 0.804.

d. **Personal Satisfaction** accounts for 12.328% of the total variance and with a factor loading of 0.888, personal satisfaction is an important factor for an individual’s success.

### 6.4 Reliability Test:

#### Table 1.4- Factors and their Reliabilities

<table>
<thead>
<tr>
<th>Scale</th>
<th>Factors</th>
<th>Cronbach’s Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Spiritual Quotient</td>
<td>0.926</td>
<td>57</td>
</tr>
<tr>
<td>Two</td>
<td>Organisational Success</td>
<td>0.946</td>
<td>19</td>
</tr>
<tr>
<td>Three</td>
<td>Personal Success</td>
<td>0.833</td>
<td>37</td>
</tr>
</tbody>
</table>

### 6.5 Regression Analysis

From this analysis, we can find the following results:

- **Being Value and Vision Led and Being Positive** has a significant effect on **Work-Life Balance**.
- **Being Self-Aware** (p value= .010) has a significant influence on **Financial Performance**.
- **Being Positive** (p value= .000), **Service-Oriented** (p value= .014), **Value and Vision-Led** (p value= .000) and **Inquisitiveness** (p value= .035) have a significant effect on **Being Visionary**.
- **Being Value and Vision-Led** (p value= .001) has a significant influence on **Personal Satisfaction** of an entrepreneur.
- **Being Service-Oriented** has a significant effect on **Stakeholder Satisfaction** (p value = .002).
- **Being Value and Vision-Led** has a significant effect on **Resource Management** (p value = .002).
- Each factor of SQ alone does not have any significant influence on **Financial Management** of the organization, but all factors together have a weak significant influence on **Financial Management**.

### 6.6 Structural Equation Modelling

For further analysis and modelling exercise (SEM), the spiritual intelligence has been adapted to test the relationship of constructs variables between organizational success and personal success. Models tested are displayed in figure 1 in which it is presented by the relationship between personal success and organizational success.
VII. Finding of the study
There is a significant relationship between Spiritual quotient and Entrepreneurial Success. Spiritual intelligence of entrepreneurs influences to the extent of .369 that is 36.9% on the Personal success. Spiritual intelligence of entrepreneurs influences .593 that is 59.3% on the Organizational success. An entrepreneur’s spiritual intellect contributes positively for both the variables. Thus the study identifies the main factors of Spiritual intelligence and how it can be applied for making an improvement in the area of both personal life and organisational performance. This study investigates a holistic approach for the success of an entrepreneur. The study was conducted on primary data collected from the family business owners. The questionnaire was based on the factors of Spiritual Intelligence and factors related to personal success and organisational success. Using various statistical tools, the data was analysed and the above findings is the outcome of the study. From the above results, we can find that the spiritual intelligence plays an important role in the success of an entrepreneur on long run. And the factors of spiritual intelligence also simplify the application of it. We can identify the area we are lacking whether it may be work life balance or stakeholder satisfaction, we can work on our spiritual intelligence as one of the factors to resolve the situation. As told by Danah Zohar and Cindy Wigglesworth, Spiritual Intelligence is the key to personal fulfillment and sustainable lifelong performance at extraordinary levels. It is the science of human energy management that allows access to a full range of human capabilities required to succeed in life and prosper in the current economic environment and social climate.

VIII. Suggestions and Recommendations
1. The study suggests the areas the entrepreneurs can work on, for making their life successful in holistic approach. They can develop their SQ to improve their personal and career life.
2. The industry can provide various platforms by which SQ is applied on large scale so that Indian business can perform successfully on the long run and thus making the economy stronger.
3. The academics also can work on improving the SQ of the business students so that they come out well prepared for the adversities of entrepreneurial life.

IX. Future Research
1. The research could focus on different variables, place, time period and industry sectors to create a model that could provide a base for entrepreneurial success on a larger scale.

Bibliography

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