

**ผลกระทบตัวแปรคั่นกลางของการมุ่งเน้นความเป็น  
ผู้ประกอบการต่อความสัมพันธ์ระหว่างความฉลาด  
ทางอารมณ์ บรรยากาศองค์กร และผลการดำเนินงาน  
ขององค์กร**

**THE MEDIATING EFFECT OF ENTREPRENEURIAL  
ORIENTATION ON THE RELATIONSHIP BETWEEN  
EMOTIONAL INTELLIGENCE, ORGANIZATIONAL  
CLIMATE, AND FIRM PERFORMANCE**

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## บทคัดย่อ

บทความนี้มีวัตถุประสงค์เพื่อศึกษาผลกระทบของความฉลาดทางอารมณ์และบรรยากาศองค์กรต่อการมุ่งเน้นความเป็นผู้ประกอบการเป็นตัวแปรคั่นกลางของวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทย กลุ่มตัวอย่างจำนวน 345 คน การทดสอบสมมติฐานได้ดำเนินการผ่านการวิเคราะห์การถดถอยอย่างง่ายและการวิเคราะห์การถดถอยแบบพหุคูณ ผลการศึกษาพบว่าความฉลาดทางอารมณ์และบรรยากาศองค์กรส่งผลต่อผลการดำเนินงานขององค์กร แต่ไม่มีผลกระทบเมื่อเพิ่มการมุ่งเน้นความเป็นผู้ประกอบการเป็นตัวแปรคั่นกลาง ผลลัพธ์แสดงให้เห็นถึงอิทธิพลที่สำคัญของการมุ่งเน้นความผู้ประกอบการต่อผลการดำเนินงานขององค์กร ผลการศึกษานี้เป็นประโยชน์สำหรับนักวิชาการและผู้ประกอบการที่เป็นความรู้พื้นฐานในการพัฒนาความฉลาดทางอารมณ์ บรรยากาศองค์กรและการมุ่งเน้นความผู้ประกอบการของบุคลากรทุกคนในองค์กรให้มีการแข่งขันและมีประสิทธิภาพมากขึ้น

**คำสำคัญ:** ความฉลาดทางอารมณ์ บรรยากาศองค์กร การมุ่งเน้นความผู้ประกอบการ ผลการดำเนินงานขององค์กร

## Abstract

The purpose of this research is to study the impact of emotional intelligence and organizational climate on entrepreneurial orientation as a mediator of SMEs in Thailand. The sample consisted of 345 participants. Hypothesis testing was conducted through simple and multiple regression analysis. The findings of this study emotional intelligence and organizational climate affected firm performance but no impact when adding entrepreneurial orientation in a mediator. The results indicate a significant influence of the entrepreneurial orientation on firm performance. The findings of this study are benefits for academics and entrepreneurs as basic knowledge to develop emotional intelligence, organizational climate and entrepreneur orientation of all personnel in an organization to be more competitive and effective in the firm performance.

**Keywords:** Emotional Intelligence, Organizational Climate, Entrepreneurial Orientation, Firm performance

## Introduction

One of the most important contributors to the countries' social welfare, job creation, and economic growth are the entrepreneurs because they motivate the countries' economic growth and development (Bidakhti Amin, 2009). Entrepreneurship refers to the process of creating something new and valuable together with time used on the social and financial risks, psychological assumption, and financial rewards and gaining non-financial (Kalathayi, Meygon Pouri & Meygon Pouri, 2010). In many developing countries, enterprise growth is promoted and used to advocate the claiming emergence of the entrepreneurs which is important for the mechanism to attain growth of the economy (Kodithuwakku & Rosa, 2002; Landes, Lessig & Solimine, 1998). On the other hand, nowadays, entrepreneurship in developing countries are the least researched social phenomenon and importance in the economies (Reynolds, 2004).

Entrepreneurial orientation (EO) is an organization's strategic orientation and entrepreneurial features of decision-making practices, methods, and styles (Lumpkin & Dess, 1996). Entrepreneurship researchers have tried to clarify the performance by examining the relationship between firm performance and entrepreneurial orientation (Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005; Zahra & Covin, 1995; Zahra & Garvis, 2000). Some pieces of research discovered that entrepreneurial orientation allows small companies or new endeavors that are less than ten years old (Lussier, 1995) to perform and the results are better than the improve firm performance and competitors (Ireland, Hitt, & Sirmon, 2003; Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005; Zahra & Garvis, 2000). Globally, emotional intelligence gained public attention and was acknowledged as a crucial feature in the environment of the organization. The emotional intelligence (EI) includes good performance or working environment of the employees in a firm. Additionally, it is an effective factor to develop fruitful and positive working surroundings. As stated by Daniel Goleman (O'Neil, 1996) there are five fundamental factors of emotional intelligence: Social skills, Motivation, Self-regulation, Empathy, and Self-awareness. In companies with supports of entrepreneurial inventiveness and culture and steady organizational climate, firm employees are committed and adherent to the current action (Kazemi & Shahabi, 2012). Nowadays, a new idea recorded in EI, a management area, turns out to be one of the vital of the organization. In many study fields including SMEs, Small and Medium Enterprises, entrepreneurial literature and researchers, EI has been their main aim. Nevertheless, there is insufficient important information for entrepreneurship scholars on how to encourage firm entrepreneurial and entrepreneurial behavior. In Thailand economy, SMEs are very important. The government has recognized the importance of this field in achieving a balanced regional distribution, increasing employment levels and productivity and an impartial economic development have used various ways for Thailand SMEs development.

Hence, it is vital to advance the current SMEs and entrepreneurship level, so that they will be able to adapt the EO. This will emulate their risk-taking, and innovativeness qualities, and pro-activeness which are very important for the SMEs growth and business performance. Based on the information about entrepreneurship in developing countries from prior research, the reasons why entrepreneurship rates alter cross-nationally are very limited (Oswald, 2008). Fundamentally, scholars have a limited amount of information on why organizations that are entrepreneurially adapted are encouraged in one country more than in another (Shane, 1992). Furthermore, in developing countries, there has been insufficient research on SMEs developing interest and entrepreneurship. Thus, it is crucial to utilize both a unidimensional and multi-dimensional EO access to identify whether each

feature and EO have a relationship with business performance. Therefore, this research will shed light on both the unidimensional and multi-dimensions of EO approach and the development of relationships among the individual EO factors of innovativeness, proactiveness, and risk-taking and total EO with chosen business performance variables in the developing country's economy. This research had investigated the Thailand SMEs entrepreneurship and emotional intelligence impacts. Additionally, it also inspected the two variables related to entrepreneurial orientation, including emotional intelligence and organizational climate. In conclusion, the paper objective is to study the organizational climate and emotional intelligence impact an employee's entrepreneurial and creativity in Thailand SMEs.

## Literature Review

### Emotional intelligence and Entrepreneurial orientation

Many researchers have given various definitions of emotional intelligence: Kamalian and Fazel (2011) define emotional intelligence as the ability to identify the feelings and emotions of yourself and others so that there will be an adequate relationship among the employees. According to Intelligence Theory of Thorndike (1920); this emotional intelligence is connected to the ability to recognize yourself and others, have better gratitude of your own feelings and emotions and unite with the people and their environment. Many scholars have shown that emotional intelligence has an important influence on many factors such as the direct relationship between emotional intelligence and organizational entrepreneurial orientation. Suleiman Awwad and Kada Ali (2012) found that the leaders' emotional intelligence has a direct and positive effect on the organizations entrepreneurial orientation in Jordan SMEs. On the other hand, Yaghoubi and Naroei (2011) noticed that employees with high emotional intelligence will have a higher tendency of inclination to entrepreneurship and this study was based on industrial employees. Mobini Dehkordi et al. (2012) examined the relationship between emotional intelligence and entrepreneurial orientation and found that the emotional intelligence and personality traits of the workers are useful for an organization's entrepreneurial orientation. Meanwhile, Pachulia and Henderson (2009) made a study in Sweden and explored the connection between employees emotional intelligence and SMEs entrepreneurship orientations. They found that the emotional intelligence and entrepreneurial orientation of the firm do not have a correspondence. Developing emotional intelligence of employees can enhance their skills to work efficiently in the firm and will lead to success. This will require emotional, physical, and mental strength because it is essential to make the study on the emotional intelligence impact on worker performance in the SMEs leaders. Therefore, the following hypothesis was developed:

**Hypothesis 1:** Emotional intelligence will be significantly and positively associated to entrepreneurial orientation

### Emotional intelligence and firm performance

Although there is a considerable discussion among the scholars who work on EI research, they concluded that all kinds of criteria that rely on job performance should be considered. All three research branches calculate some of the main ideas on emotional intelligence, and it is likely that the ability to recognize and control the emotions in oneself and others offers suitable social interaction. The importance of emotional intelligence to firm performance has increased because

the manufacturing sector has decreased and the economy service sector has increased (Bono & Vey, 2007). For some employees, emotional labor may be upsetting (Bono & Vey, 2007), especially for those who require freedom (Grandey Fisk et al., 2005), and the stress can be lessened by the employees' ability to control their emotions. Brotheridge (2006) found that "the key role of emotional intelligence seemed to be as a predictor of the perceived situational demands, which, in turn, predicted the nature of the emotional labor that was performed." The founding reveals that employees with high emotional intelligence were likely to recognize exposed emotions as a part of their job and to use these emotions to persist in their job. Despite that emotional labor was predicted, originally in terms of service tasks, that it may perform emotional labor to change the mood, motivations, and performance of their employees (Humphrey Buckley et al., 2008). The theoretical foundations, and the empirical results discussed so far, drive the hypotheses outlined below as studies to test emotional intelligence as follows.

**Hypothesis 2:** Emotional intelligence will be positively and significantly related to firm performance

### **Organizational Climate and Entrepreneurial Orientation**

Organizational climate has been defined in many ways such as the environments in which workers do their job and display their behavior and how the firm functioned or the general understanding of the firm policy, it's an informal, habitual, or formal process. Organizational climate includes the perceptions, values, and feelings of workers in their surroundings. Additionally, it factors are the organization's feelings of belong and trust to the firm, commitment, confidence, and loyalty that is affected by various variables such as the employees' behavioral traits in their workplace and controlling institutional policies (Kazemi et al., 2012). Hough and Scheepers (2008) examined the connection between the organizational climate and entrepreneurial orientation of organizations that demonstrated how organizational climate has an influence on entrepreneurial orientation. The organizational climate has a crucial role in encouraging creativity through the consideration, generation, and use of new ways of working, services, and products. It also advocates the utilization, assimilation, and development of different and new concepts and approaches. Isaksen Lauer Ekvall et al. (2001) recognized nine scopes of organizational climate which are dynamism, involvement and challenge, idea time and support, trust/openness, freedom, playfulness/humor, debate and risk-taking, and conflict. These dimensions were found to be effectively distinguished to the degree in which the surroundings encourage creativities. Furthermore, organizational climate can help in recognizing how workers will handle complicated surroundings through general concepts and developing attitudes (Luthan, 2005). Therefore, this research can show that there is a strong relationship between organizational climate and, both firm performance and entrepreneurial orientation. Therefore, this study hypothesizes that:

**Hypothesis 3:** Organizational climate will be significantly and positively associated to entrepreneurial orientation

**Hypothesis 4:** Organizational climate will be positively and significantly related to firm performance

## Entrepreneurial Orientation and Firm Performance

Entrepreneurial orientation consists of the taking of compliance to innovation, searching for risks, self-directed actions, and being more proactive and aggressive than competitors on new opportunities in the marketplace (Wiklund & Shepherd, 2005). In entrepreneurship literature, the importance of entrepreneurial orientation to the organization's survival and performance has been notable (Lumpkin and Dess, 2001; Wiklund, 1999; Wiklund & Shepherd, 2005; Zahra & Covin, 1995; Zahra & Garvis, 2000). According to Zahra and Covin (1995) and Wiklund (1999) empirical confirmation, they identified that as time passes the increase in performance was affected by the positive entrepreneurial orientation. Entrepreneurial orientation firms have the capabilities to take advantage and find new opportunities in the market (Barringer & Bluedorn, 1999; Lee, et al., 2001; Wiklund & Shepherd, 2003), and they can respond to problems and withstand themselves in a competitive and uncertain environment (Shane & Venkataraman, 2000). Prior study has used various financial calculations such as revenue, cash flow, return on assets, return on equity, and more to calculate firm performance (Haber & Reichel, 2005). Accurate financial calculations are required, but they are inadequate in grasping the total job performance (Aggarwal & Gupta, 2006; Clark, 1999; Murphy et al., 1996). Thus, some study suggested that financial and non-financial aspects are considered so that the calculation of firm performance will be more accurate (Clark, 1999; Haber & Reichel, 2005; Venkataraman & Ramanujam, 1986). Moreover, firms with competitively resolute orientation will have the abilities to reformulate industry limits, change the competition rules, upgrade marketplace position, and obtain entry benefit. Entrepreneurial orientation is required for firms to face up to other firms and find entrepreneurial opportunities. If a new effort has more ability for innovativeness, risk-taking, innovativeness, competitive aggressiveness, and autonomy, they will achieve great firm performance and have a greater competitive benefit. Therefore, firm performance can be predicted by an adequate entrepreneurial orientation. Consequently, entrepreneurial orientation is important for organizations to find entrepreneurial opportunities and contend with other organizations. Thus, an effective entrepreneurial orientation may be a good predictor of firm performance. These arguments lead to the following hypothesis.

**Hypothesis 5:** Entrepreneurial orientation will be positively and significantly related to firm performance.

Many types of research such as entrepreneurial literature and anything SMEs related have objectives that are associated with emotional. Lee and Lim (2009) used innovativeness, autonomy, competitive aggressiveness, and risk-taking. Moreover, Wiklund and Shepherd (2005) made research on 413 Swedish organizations and utilized configurational access to investigate the connection between entrepreneurial orientation factors of innovation, risk-taking, and proactiveness to evaluate the small firm performance. In this research, they examined the influence of financial capital and environmental dynamics as entrepreneurial orientation mediators, the results showed that small firm performance is positively influenced by the entrepreneurial orientation. Additionally, Adeoye and Torubelli (2011) investigated the connection between EI activities and human resource management in an organization of Nigeria civil servants and found that two factors of emotional intelligence activities and human resources management positively influence the employees' commitment. The organizational climate section is here of to the perceptions, feelings, and values of office workers, it also includes the confidence, trust in the firm, and organizational commitment. The previous

research revealed that in organizations with a constant ingenuity, entrepreneurial culture support, and organizational climate, all employees are committed and adherent to the new leadership (Kazemi & Shahabi, 2012). The observed evidence showed that emotional intelligence, a new concept in the field of management, has become one of the main organizational qualities. Whereas Hough and Scheepers (2008) analyzed the connection between the firm's organizational climate and entrepreneurial orientation, the outcomes displayed that organizational climate strongly affects entrepreneurial orientation.

Meanwhile, entrepreneurial orientation refers to a complex type of organization-level entrepreneurship, made of innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy. Many prior studies that had logically and theoretically studied entrepreneurship concluded that it is a part of firm entrepreneurial nature (Covin et al., 2006). Instead, firm performance is a commonly used idea in many areas. Generally, performance is an idea of how effectively a process achieves its objective. In the management of the enterprise, Runyan et al., (2008) analyzed the relationship between entrepreneurial orientation and Small Business Orientation (SBO), and their influence on the small firm performance of 267 USA small businesses. The result revealed that entrepreneurial orientation and SBO are not the same, their construct and performance are different in these varieties: only SBO significantly predicts performance for the older assortment, while only entrepreneurial orientation significantly predicts performance for the younger assortment.

Based on the literature review above, the connection between emotional intelligence, organizational climate, and entrepreneurial orientation have an influence on firm performance, but the prior study has not subjectively examined the relationship between emotional intelligence use and firm performance and recognized these prior results on the positive relationships between system usage and individual-level effects. Therefore, spreading the empirical perspicacity of an entrepreneurial orientation as the arbitrator between firm performance and organizational climate and emotional intelligence, this study hypothesized that:

**Hypothesis 6:** The effect of emotional intelligence for firm performance is mediated by entrepreneurial orientation

**Hypothesis 7:** The effect of organizational climate on firm performance is mediated by entrepreneurial orientation

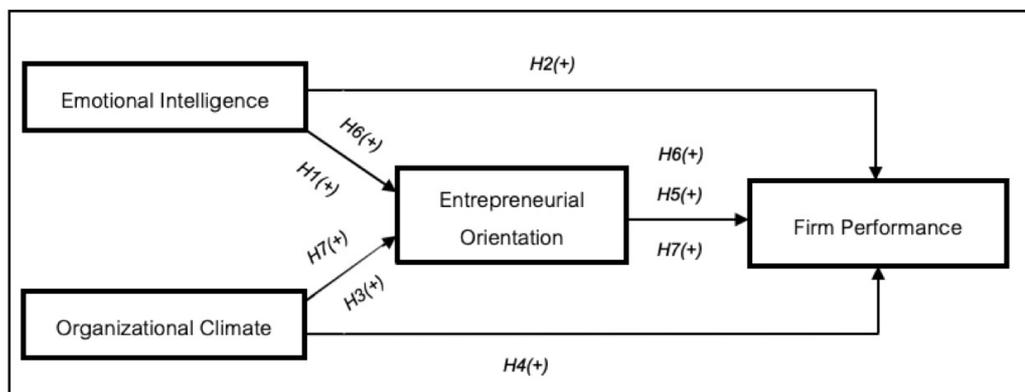


Figure 1 Research Model

## Methodology

### Research Method

#### Population and sample

This study focus on SMEs in Thailand (Office of Small and Medium Enterprises Promotion, 2560) The total number of SMEs are 3,563. In our study, the total sample number is 825. The data collection was done by sending the questionnaire to the executives and entrepreneurs of SMEs business in Thailand by mail, with a reply envelope. The researcher sent 825 questionnaires to the SMEs group. There were 345 responses, with a response rate of 41.81 percent. In fact, a response rate of at least 20 percent is considered acceptable to have a sufficient sample size for data analysis (Aaker, Kumer, and Day, 2001). Moreover, multiple Correlation, Multiple regression analysis, and one-way ANOVA were used for data analysis.

#### Questionnaire development

The information entered in this survey was from precise scales. Originally, the scales were in English; however, by using two bilingual personal independents to ensure accuracy, the entries were translated in to a Thai version (Brislin, 1970). This involved the original and extensive translation refinements. The translation of the entries implicates both the function and concept of the work acquired with equivalence discussion (Cavusgil & Das, 1997; Mintu et al., 1994). This questionnaire contains 30 questions in five sections (demographic information, emotional intelligence, organizational climate, entrepreneurial orientation, and firm performance).

#### Measurements

The constructs in this study were measured by using multi-item scales. Regarding the measurement of entrepreneurial orientation, it was calculated with all constructs adapted from previous studies. Each measure was anchored on a five-point scale (1 = "strongly disagree", 5 = "strongly agree"). Therefore, this questionnaire was divided into four parts that comprise first, firm performance distributed to a four-item scale which was adapted from Wong and Law (2002), Walter et al., (2011) and Wolff and Pett (2006) which measured the dimensions: profit growth, return on asset (ROA), and return on investment (ROI). Second, the emotional intelligence portion utilized an eight-item scale that was adapted from Mayer and Salovey (1997) to measure emotional intelligence and was measured in four dimensions: self-emotion appraisal, others' emotion appraisal, regulation of emotion, and use of emotion. Third, organizational climate was divided in an eight-item scale which was adapted from Bock et al., (2005) organizational climate was measured in three dimensions: affiliation, Innovativeness, and fairness. Fourth, entrepreneurial orientation was broken down into a twelve item scale adapted from Lumpkin & Dess, (2001) to measure entrepreneurial orientation and was measured in three dimensions: risk propensity, proactiveness, and competitive aggressiveness. Later, the paper tested the coefficient in each part of the variable, the results showed that the Cronbach's alpha scores are between 0.897-0.935 which was higher than 0.7. While Cho and Kim (2015) suggest that Cronbach's Alpha scores of more than 0.7 are accepted. Therefore, this questionnaire has good validity.

#### Result and findings

Table 1 shows the descriptive statistics and correlation matrix for all variables. As a result, all correlation coefficients of independent variables are less than 0.80 and all variance inflation factors (VIFs) values range from 1.121 to 1.246, well below the cut-off of 10, as recommended by Hair, Ringle and Sarstedt (2011) meaning the independent variables are not correlated with each other. Therefore, there are no substantial multicollinearity problems encountered in this study.

**Table 1** Descriptive Statistics: Mean, Standard Deviation and Correlation

	Mean	S.D.	1	2	3	VIFs
1. Firm Performance	4.25	.65				
2. Emotional Intelligence	4.35	.42	.692**			2.289
3. Organizational climate	4.20	.44	.714**	.719**		2.675
4. Entrepreneurial Orientation	4.21	.57	.752**	.741**	.721**	2.543

\*\*p&lt;0.01

**Table 2** Regression Results

Variables	DV: Firm Performance					DV: EO	
	Model 1 H2	Model 2 H4	Model 3 H5	Model 4 H6	Model 5 H7	Model 6 H1	Model 7 H3
EI	.692*** (.078)			.328 (.051)		.741*** (.077)	
OC		.714*** (.071)			.357 (0.59)		.721*** (.070)
EO			.741*** (.077)	.755*** (0.79)	.735** (.072)		
EI*EO				.284 (.049)			
OC*EO					.268 (.046)		
R <sup>2</sup>	.479	.510	.707	.718	.731	.549	.520
Adjusted R <sup>2</sup>	.477	.508	.706	.715	.729	.548	.519
F	317.799***	359.539***	434.009***	291.479***	311.780***	420.926***	374.922***

<sup>a</sup>Values shown are the standardized regression coefficients n=345 \*\* p < .001 \*\*\* p < .0001  
EI = Emotional Intelligence, OC = Organizational climate, EO = Entrepreneurial Orientation

The results from table 2 can concludes in each hypothesis. In hypothesis 1, the results show a positive relationship and significance between emotional intelligence and the entrepreneurial orientation ( $\beta = 0.741$ ,  $p < 0.001$ ). The finding explained in Model 6 suggests that there is a relationship between emotional intelligence and entrepreneurial orientation. Thus, hypothesis 1 is supported.

For hypothesis 2, this study predicted a positive relationship between emotional intelligence and firm performance. The results found in Model 1 indicate that the emotional intelligence relationship with firm performance was significant, suggesting that there is a relationship between emotional intelligence and firm performance ( $\beta = 0.692$ ,  $p < 0.001$ ). Therefore, the hypothesis 2 is supported.

In hypothesis 3, the result shown in Model 7 indicates a positive relationship and significant organizational climate with entrepreneurial orientation ( $\beta = 0.721$ ,  $p < 0.001$ ). Therefore, hypothesis 3 is supported.

The test of hypothesis 4, shown in Model 2, indicates that organizational climate is positively related and significant with firm performance ( $\beta = 0.714$ ,  $p < 0.001$ ). Thus, hypothesis 4 is supported.

In addition, the result of hypothesis 5, shown in Model 3, displayed a positive relationship and significantly related entrepreneurial orientation to firm performance ( $b = 0.741$ ,  $p < 0.001$ ). Therefore, hypothesis 5 is supported.

Testing hypothesis 6, the results shown in Model 4 indicate a positive relationship and significance between entrepreneurial orientation and firm performance ( $\beta = 0.755$ ,  $p < 0.001$ ) but no significant relationship between the emotional intelligence and firm performance ( $\beta = 0.328$ ) and no significant relationship between emotional intelligence and firm performance by entrepreneurial orientation as a mediator ( $\beta = 0.284$ ). Thus, hypothesis 6 is not supported.

Moreover, in hypothesis 7, the results shown in Model 5 suggest a positive relationship and significance between entrepreneurial orientation and firm performance ( $\beta = 0.735$ ,  $p < 0.01$ ) but no significant relationship between the organizational climate and firm performance ( $\beta = 0.357$ ) and no significant relationship between organizational climate and firm performance by entrepreneurial orientation as a mediator ( $b = 0.268$ ). Thus, hypothesis 7 is not supported.

The aim of this research was to investigate the influence of emotional intelligence, the organizational climate, and the level of entrepreneurial orientation among managers. The findings of this article suggest that entrepreneurial orientation (i.e., proactiveness, innovativeness, and risk-taking) has a positive influence upon small business performance. While small business performance is also positively influenced by access to financial capital. However, relying only on the effects of these main relationships provides an incomplete understanding of small business performance.

This finding shows that emotional intelligence is a positive influence upon entrepreneurial orientation. The direct relationship between emotional intelligence and entrepreneurial orientation are investigated and the hypothesis has been accepted as  $p\text{-value} = 0.000 \leq 0.05$ , therefore, the results of the study provide empirical confirmation of the conceptual model as proposed.

The model helped in defining that entrepreneurial orientation is positively influenced by emotional intelligence. Hence, the emotional intelligence level can be used to approximate the entrepreneurial orientation level in persons. The findings of the study give an empirical confirmation of Pradhan's and Nath's (2012a) idea that emotional intelligence is important in investigating a person's entrepreneurial orientation. Besides, the literature confirmed that emotional intelligence can be used as predictor of dissertation entrepreneurial orientation (Neqabi and Bahadori, 2012; Pradhan and Nath, 2012a).

Their research talked about the effect of entrepreneurial orientation that was influenced by emotional intelligence. Simultaneously, this research also discovered that firm performance is positively related to emotional intelligence. In the research, it was discovered that effective emotional intelligence has on firm performance was important, this proposes that there is a connection between the firm performance and emotional intelligence. Similarly, previous findings of West's (1990) study on the oil companies in the UK revealed that organizational climate and the workgroups produce the finest working environment for accepting original and new values and ideas. Additionally, West's (1990) also examined a four-factor model which lead innovations to develop a working atmosphere that the innovative-support performance participation can be confirmed. These results confirm the ideas of Gershon and colleagues (2007), they showed that

leaders can make an adequate organizational climate for their workers that guides to satisfaction sense and higher performance in the firm.

In the research, firm performance and entrepreneurial orientation have a positive relationship. The findings showed that this connection between entrepreneurial orientation and firm performance was important. Similarly, previous findings also help clarify by supporting the scopes of entrepreneurial orientation that can be an independent factor. This suggests that on firm performance and the individual dimensions influence of entrepreneurial orientation should be accentuated. (Lumpkin and Dess, 1996). Each entrepreneurial orientation dimension has a different impact on firm performance (Lumpkin and Dess, 2001). Innovation with a high level is positively related to sales growth, while proactiveness has a positive relationship with gross profit, sales growth, and sales level (Kreiser et al., 2002). Entrepreneurial organizations can display some or all orientations of entrepreneurial dimensions, and there can be different in direction and strength of their connection (Lumpkin and Dess, 2001). According to the findings, entrepreneurial orientation aim is the positive relationship between emotional intelligence and firm performance. Our results show three variables that are independent which are entrepreneurial orientation, organizational climate, and emotional intelligence. These variables have a positive, but the insignificant relationship with firm performance. Similarly, Awad and Kada Ali (2012) discovered in their research about SMEs in Jordan that firms entrepreneurial orientation was positively and directly impact by emotional intelligence.

Based on the hypotheses, the organizational climate will have a positive and significant relationship with entrepreneurial orientation. In research, it was discovered that the organizational climate was important which implies that there is a connection between the firm performance and organizational climate. Additionally, organizational climate is a crucial factor in enhancing and motivating the staff encouragement, entrepreneurial orientation, and motivating the entrepreneurial orientation in SMEs. As a result of the organizational climate significance and impact on entrepreneurial orientation, the three research hypotheses are excluded. This outcome is opposing to the results from other studies such as, Hough and Scheepers (2008), Belausteguigoitia and colleagues (2007) and Awad and Kada-Ali (2012), which revealed that organizational climate is directly and positively influence the entrepreneurial orientation.

This research discovered that organizational climate, arbitrated by entrepreneurial orientation, has a positive relationship to firm performance. Our results displayed that the three variables that are independent such as entrepreneurial orientation, emotional intelligence, and organizational climate will still not be significant and have positive related to firm performance. Likewise, previous evidence, Belausteguigoitia, and colleagues (2007) studied the organizational climate impact on the entrepreneurial orientation of the organizations. Our results will assist the theoretical development in many ways.

First, while the entrepreneurial orientation importance in organization performance has been acknowledged, the relationship between firm performance and entrepreneurial orientation remains unreliable (Lumpkin & Dess, 1996). This finding shows that entrepreneurial orientation is important to business endeavors and it is positively influencing the firm performance. This gives an extra foundation for statements concerning the entrepreneurial orientation positive effect on firm performance (e.g. Barringer & Bluedorn, 1999; Lumpkin & Dess, 2001; Wiklund & Shepherd, 2003; Zahra & Covin, 1995).

### **Theoretical contribution**

This study, like many studies, has a contribution that is theoretical. The entrepreneurial orientation idea was originated from Khandwalla (1972) and Miller (1983). According to these researchers, high entrepreneurial orientation firms have more new opportunities; finally, corruption will only heighten their aggressive positions. Li and colleagues (2008) used entrepreneurial orientation to improve a firm's performance which increases opportunities for the people. This is also appropriate for huge success demand entrepreneurial societies (Nieman & Nieuwenhuizen, 2009). This study elucidates that entrepreneurial orientation is a crucial SMEs factor in markets that are developing. These situations are differentiated by new emerging opportunities from free movement of capitals, technologies, and goods. This allows the leader to use opportunities with the minimum limitation boundary. Protected condition SMEs generally fail to capture, or notice offered opportunities and lack entrepreneurial orientation.

### **Limitations and Future Research**

Similar to various studies, this study also has limitations. One limitation is a neglected bias (McGrath, 1999). Six firms in the sample were not in the market during the first questionnaire, and the other five too was not in the market after the first survey. Many firms become unsuccessful before the surveys were made. Therefore, the researcher can only conclude with the remaining small firms. It seems likely that the risk-taking entrepreneurial orientation designated could also lead to a higher chance of failure. Because of the high chance of failure among new and small businesses, future research must state whether those factors that drive a firm to greater performance, among between remaining organizations, are also associated to a higher occurrence of a failure. To advance the emotional intelligence, the researcher suggests that the managers' experience can be gained by gaining important emotional intelligence requirements.

It appears that SMEs leaders can only offer desirable environments to apply employees' new ideas and to help them in experimenting and showing with their creativity by a small organizational climate development and to acclimatize these organizations to be wholly entrepreneurial businesses. This act is helpful when carried out by utilizing workers' new ideas, advocating them to give more responds and give opportunities for them to work freely and examine these concepts. Organizational climate and entrepreneurial orientation are very important in an entrepreneurial attitude. Hence, the managers must understand the relationship between the organizational climate and emotional intelligence to create the SMEs entrepreneurial orientation and make an auspicious organizational climate, appropriate for an appearance in entrepreneurial orientation.

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