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## THE PLACE OF INTELLIGENCE IN THE PRODUCTIVITY OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs): A SPIRITUAL INTELLIGENCE PARADIGM

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### ABSTRACT

For so long, intelligence quotient and to a greater extent, social intelligence has dominated organizational discussions on intelligence and its implication on performance. This study, however examined the place of spiritual intelligence on the productivity of Small and Medium Scale Enterprises (SMEs) in Southeast Nigeria. The study was anchored on the Theory of Rational Intelligence. A survey research design was adopted for the study, with a population of 400 SME owners. A census method was deployed for the work. The source of data was primary, and the analysis was done using simple regression, and hypothesis tested at a 5% level of significance. The result revealed that a 74% change in the innovative capabilities of SMEs is influenced by changes in ethical behaviour. The study, therefore, concluded that spiritual intelligence affects the productivity of SMEs in Southeast Nigeria. Hence, it was recommended among others that the owners of SMEs need to give their ethical conduct and behaviour an important place in their operations, as people will tend to trust and appreciate their innovativeness more, if they are seen to be spiritually intelligent.

**Keywords:** Spiritual Intelligence, Small and Medium Scale Enterprises, Productivity, Innovative Capabilities and Ethical Behaviour.

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## INTRODUCTION

A nation's advancement is tied to its economic development stride, and economic development cannot be disconnected from the contribution of the people and businesses in and outside the nation. As such, the economic development of any nation is dominated by players in the Small and Medium Scale Enterprises (SMEs) industry. SMEs are a core part of the economic system, because they are extra business units, different from contemporary large-scale industrial businesses (Supriadi & Hadi, 2020). An additional benefit possessed by SMEs is their ability to absorb more labour and accelerate the process of equity as part of development (Bayu & Sukartha, 2019). They are increasingly gaining a position in the area of the global economy, in that SMEs have now been used as a means of interfacing with nationals around the world. Evidence that SMEs can be a means of economic development can be seen from the value of their productivity; represented by the value of increasing exports. But in some developing nations, they face certain problems, ranging from low capital and productivity to inefficient Human Resources (HR) of SMEs, which is linked to the intellectualism of HR (Susilawati, Reinpal & Agus, 2020).

Productivity is used as a measure of the success of businesses, including SMEs. Salovey, Bedell, Detweiler and Mayer (1999) claim that productivity is the result of a series of supervisory actions that provide an overview of achievements and responsibilities towards public accountability in the form of successes and shortcomings. Meanwhile, Wibowo (2017) explains that it is the accomplishment of an organization in a particular fiscal year, measured by comparison with various standards set earlier. It is one measure in determining the success of a company in running its business. It can be influenced by internal and external factors such as organizational culture, attitudes, and actions of co-workers, as well as the organizational structure. It could also be influenced by some internal factors such as the level of intelligence they possess. The intelligence here has to do with HR intelligence, which ranges from intellectual quotient to emotional intelligence, and spiritual intelligence (Wibowo, 2017).

Wu Suen, Huang and Lee (2014) aver that intelligence is an ability needed in carrying out various activities including mental thinking, reasoning, and problem-solving. Goleman (2006) went further to state that intelligence can be used to describe several skills related to the accuracy of judgments about the emotions of oneself, others, and the ability to manage feelings in a team to motivate, plan, and achieve life goals. The effective functioning of the various forms of intelligence might lead to a display of outstanding work outcomes and productivity (Devi, 2016).

Employees who possess considerable intelligence can produce higher quality products. In addition to mental intelligence, a new type of intelligence called spiritual intelligence is taking centre stage as it has been seen to play an important role in carrying out business activities. Anasrulloh (2017) defines spiritual intelligence as a sense of morality, which is the ability to adjust rigid rules that are in line with understanding the business terrain, and forecasting industry changes. Spiritual intelligence is the foundation needed for all the other forms of intelligence to function effectively. It can integrate other forms of intelligence like the

intellectual and emotional intelligence of workers, and with a decent emotional intelligence; productivity is achieved as well (Monyei, Agbaeze&Isichei, 2020; Wibowo, 2017). Based on the foregoing, this study probes into the core of spiritual intelligence as it impacts the productivity of SMEs in southeast Nigeria. Specifically, the study seeks to examine:

- a) The influence of Ethical Behaviour on Innovative Capabilities of SMEs in southeast Nigeria

## **LITERATURE REVIEW**

### **Theoretical Framework**

The work is hinged on Theory of Rational Intelligence. Rational intelligence is a term for grouping human intelligence which was first advanced by Alfred Binet, and it is also known as the Stanford-Binet test (Smith, 1974). At the time rational intelligence was the single intelligence of each individual which only related to the cognitive aspects of each individual. This intelligence was initially a major concern for educational psychology. Behling (1998) suggests rational intelligence is the same as the ability of cognition, which include the ability to learn and solve difficulties, using symbols and language. Thus, it can be concluded that rational intelligence is the ability of humans to think rationally, analyze, determine cause-effect relationships, think abstractly, use language, visualize things, and understand different phenomenon.

Based on these experts' postulations, it can be concluded that rational intelligence is the overall ability of a person or a firm to act in a manner that achieves set goals, through thinking rationally, critically, and solving problems faced within and outside their business environment effectively and efficiently. Rational intelligence is classified into two categories, namely, general cognitive abilities and specific abilities. Thus, this theory links to this current study by proposing that a firms' productivity can be predicted based on how the SMEs have general cognitive abilities to better productivity.

### **Conceptualization of the Variables**

#### **Spiritual Intelligence**

Supriadi and Hadi (2020) assert that spiritual intelligence is a religious attitude aimed more at relationships with God. Ashmos and Duchon (2000) explained that the concept of spiritual intelligence as it relates to the world of work consists of intelligence as a life value from within, because the work has meaning and context. The study of the past with spiritual intelligence distinguishes religious attitudes in the workplace. Eckersley (2000) explains that spiritual intelligence is a feeling of deep intuition towards the connection with the wider world in our lives. Meanwhile, Zohar and Marshall (2001) explained that spiritual intelligence is a moral ability to adjust rigid rules coupled with the understanding of love and the same ability to see when love and understanding reach that limit, making it possible to deal with both good and evil complications. It facilitates dialogue between mind and emotions, between soul and body, and also help individuals to commit to self-transcendence. Staff and firms who have high levels of spiritual intelligence are bound to have strong principles and vision, to interpret every side of both personal and work life, to manage and survive difficulties and pain (Nggermanto, 2002). Akhtar, Arshad, Mahmood and Ahmed (2017) also assert that it is a means needed to identify and utilize limited resources to advance the work of an organization and maximise productivity.

Spiritual intelligence is a process that engages us with the field of infinite intelligence, agreeing to Bowell (2004), this process can make a state of life in awe and wonder, attraction and enthusiasm, where the new level of insight becomes more because new intelligence can flow continuously. It allows oneself to wrestle with matters of good and evil, and imagine what has not happened yet (Nggermanto, 2002). Based on this, it can be concluded that spiritual intelligence is the ability to be able to undergo and accept all conditions based on a sense of gratitude and sole submission to divinity. People who have spiritual intelligence will be transcendental and have a purpose in life solely because of their religious beliefs (Monyei et al., 2020). Finally, spiritual intelligence is based on the components that exist in beliefs, honesty, and justice, knowing oneself, focusing on contribution, spiritual non-dogmatism, and openness.

### **Ethical Behaviour**

Robinson, Perryman and Hayday (2004) posit that ethical behaviour refers to a system of shared values held by affiliates of a group that distinguishes them from others. Weeks (2010) argues that ethical behaviour is the enduring force and tenets that inject order and stability in any organization especially as regards administration of human interactions and activities. Ethical behaviours are a determinant of productivity as well as firms successes because it brings about individual innovativeness. Robinson et al., (2004) also claim that ethical behaviour is what a group learns over a while as that group solves its productivity and profitability issues; and also its problems of internal integration. Such learning is simultaneously a behavioural, cognitive and emotional process. Ethical behaviour for experts also connotes a shared belief and values that are passed on to all within the organization, such as shared rules, values, and norms that propels and leads to firm effectiveness and sustained competitive advantage (Weeks, 2010).

### **Productivity**

Productivity is a series of management activities that provide an overview of the results achieved while carrying out assigned duties and responsibilities (Rae & Teachout, 2007). Wibowo (2017) explains that productivity is a periodic determination of the effectiveness and efficiency of an organization's operations based on established targets, standards, and criteria. Devi (2016) explains that it is a comparison between work results and established work standards. Based on the definitions that have been offered, it can be adduced that employee productivity is the result of employee's work which is seen from aspects of punctuality, quality, and quantity of work results, as well as cooperation in achieving organizational objectives. Hence, organizations including SMEs are supported by personnel who have productivity, but productivity does not appear by itself. As Rae and Teachout (2007); Wibowo (2017) explain that the factors influencing productivity are effectiveness and efficiency, authority and responsibility, discipline, and initiative.

### **Innovative Capabilities**

Momeni, Nielsen and Kafash (2015) assert that innovative capability consists of in-house reinforcement techniques and methods. This method is a key mechanism for stimulation, measurement, and reinforcement of innovation. Many writers consider innovative capabilities equal with being ingenious or even innovative performance of aspects that could be quantitatively evaluated, for example, the number of inventions recorded or the number of operations of a new product. Although, these methods are useful pieces of information on the

productivity of the firm, they do not offer a picture of the innovative capability of the firm. While the concept of capability is not a productivity parameter, but it is a catalogue of preparedness of the firm and the development through innovation forces (Borjesson & Elmquist, 2011). This study thus believes that innovative capability is a great ability to provide innovative services and products continuously through the organizational capabilities, capacities and competencies (Saunila, Minna, Ukko & Juhani, 2014; Momeni et al., 2015).

## METHODS

This work adopted a survey research design as it collected data from sampled respondents about a phenomenon, therefore, survey design suits the work. The area of the study is Southeast Nigeria, with five states. However, the work focused on two states, Anambra and Abia state because of the large number of SMEs in those states. The population of the study consist of 400 business owners, 200 each from both states. A census method was deployed, to be able to capture the opinion of the whole population. The source of data was primary (structured questionnaire). The instrument was subjected to both validity and reliability test, which came out good (Cronbach alpha value = .87 for reliability). The analysis of the data was done using simple regression analysis, and hypothesis tested at a 5% (0.05) level of significance, which means that if the probability value (p-value) obtained is less than 0.05, the alternate hypothesis will be accepted, otherwise, the null hypothesis will be accepted.

## FINDINGS

### Test of Hypothesis

H<sub>a1</sub>: Ethical Behaviour has a statistically significant influence on the Innovative Capabilities of SMEs in southeast Nigeria.

Table 1

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839 <sup>a</sup>	.706	.703	1.623

a. Predictor: (Constant), ETB

Source: Field Survey, 2021

Key: ETB =Ethical Behaviour

The regression analysis result carried out to test the influence of ethical behaviour on innovative capabilities of SMEs in Southeast Nigeria is shown in Table 1. The result reveals that the correlation coefficient as shown by r is .839, indicating a positive nexus. The coefficient of determination which is represented by R-Square is .706 showing that a 74% innovative capability of SMEs is influenced by changes in ethical behaviour.

Table 2

#### ANOVA<sup>a</sup>

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	740.452	1	745.532	267.003	.000 <sup>b</sup>
	Residual	265.269	385	2.521		
	Total	1114.081	386			

a. Dependent Variable: INNCAP

b. Predictors: (Constant), CI

Source: Field Survey, 2021

Keys: INNCAP =Innovative Capability

The ANOVA for the regression analysis is shown in Table 2. The result reveals that ethical behaviour has a statistically significant influence on the innovative capabilities of SMEs in southeast Nigeria. This is judging from the F-statistics which is 267.003 and the p-value which is .000. As a result of this, the alternate hypothesis is accepted, because the p-value is less than 0.05 level of significance (p-value < level of significance).

### CONCLUSIONS

Different forms of intelligence play a significant role in the productivity determination of firms around the world, however, the influence of spiritual intelligence is still largely new in the whole performance and productivity mix of SMEs. Spiritual intelligence is that angle of intelligence that will make a business owner do what is right as against what is wrong or unethical, leading to improvement of trust between business owners and customers/clients. This study, therefore, concludes that spiritual intelligence plays a significant part in determining the innovative capability of SMEs, as their innovations and ingenuity will be trusted more by the end-users, if they are seen to have spiritual intelligence.

### Recommendations

As a result of the findings of the study, the following recommendations are made:

- a) Owners of SMEs need to give their ethical conduct and behaviour an important place in their operations, as people will tend to trust and appreciate the innovativeness of the owners and members of SMEs more when they exhibit spiritual intelligence.
- b) SMEs need to be more proactive and innovative in their dealings as their sustainability could be dependent on it.

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