Title: Principles of Kabir Wealth Curve

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Abstract:

The authors developed a wealth curve that can predict a group of individual's wealth based on the crossover interaction effect of the average intelligence quotient (one's ability to perform, comprehend and learn) and emotional intelligence (emotional awareness and emotional ability to express and handle interpersonal relationships judiciously and empathically).

Introduction:

It is important to understand a predictor that places an individual or a nation ahead or behind others in terms of wealth or income. If such predictors can be identified, the country, society or individual can achieve income growth by increasing strength in that dimension. Kabir et all's previous study found the interaction between intelligence quotient and emotional intelligence to be the most important factor in predicting the rank of countries based on average national income [1]. A previous study also showed the national average intelligence quotient highly correlates with measures of per capita income in a group of 122 countries [2]. The Author's prior study reported the crossover effect of intelligence quotient and emotional intelligence on

national average income. The question remains whether intelligence quotient and emotional intelligence will predict individual level income or wealth.

Though the author's previous study does not prove causality, these variables suggest that a group with higher intelligence quotient (IQ) and emotional intelligence (EI) in a country will predict a reduced value of average income rank, placing a nation higher on the world's stage. This said, intelligence quotient (IQ) has been shown to be predicted 75% by genetics [4] and the rest by environmental factors. This makes it a hard metric to increase though improvements being reported in prior studies. However, increasing emotional intelligence can be done through training and proper education, thus accomplishing three goals: the combined effect of intelligence variable will intrinsically increase and prepare individuals to be more tactful and proficient in their workplace. The resource utilized on improving emotional intelligence (EI) will also be an increase in the educational expenditure of the country by also funding a direct source of income potential; and the emotional intelligence of a country is seen to correlate with the corruption perception index, where a country with higher emotional intelligence tends to have less corruption [1]. That means the endogenous relationships in the model allows a convenient avenue through which additional funding on emotional intelligence education can trickle into the other variables and boost the nations or individual's average income potential.

The study objective is to develop a wealth curve where an individual or a nation can identify their area of improvement on the wealth rank.

Methodology:

The study method was described elsewhere [1]. The current study focused on developing a model to predict a group level wealth using the national level data.

Results and discussion:

The total number of countries included in the study was 102 because the rest of the country's average intelligence quotient scores were not available. Among those 102 countries, twenty-one (21) were excluded from the analysis because of missing data related to emotional intelligence. Final data set had a total of 81 countries.

Using univariate analyses, the study found that the product of intelligence quotient and emotional intelligence score is highly correlated with average income rank, yielding a significant p-value (<0.05). This model had a R-square value of 0.53 which indicates 53% variability of income was explained by the interaction variable in the model. Alone, the crossover effect explains more of the variability in income rank than any other variable in this study. It is important to note that the R-squared value of intelligence quotient regressed on income rank was 0.44, and the R-squared value of emotional intelligence regressed on income rank was merely 0.11. Thus, intelligence quotient has a much stronger effect in determining potential income compared to emotional intelligence.

The Author's prior study reported that the product of intelligence quotient and emotional intelligence was found strongly correlated at -0.72 ($p < 0.05$) [1]. In addition, in the multivariate regression analysis, the cross over interaction effect of intelligence quotient and emotional intelligence was also significant (at $p<0.002$) while both the intelligence quotient and emotional

intelligence were individually found not to be significant. In addition, the correlation coefficient between intelligence quotient and emotional intelligence was also found not significant, indicating that both are measuring two different characteristics. The significant cross over interaction effect of intelligence quotient and emotional intelligence indicates an opposite effect of the two is opposite on income rank. Collectively, these findings indicate that emotional intelligence modulates the effect of intelligence quotient differently. A similar finding was reported at the individual level by Cote and Miners in 2006, where EI can be more important to individuals with low IQ [3].

This cross over interaction effect is the hidden code that elucidates the nuanced relationship between income, intelligence quotient and emotional intelligence. In a multivariate analysis, the most predictive model included three variables: the crossover effect of intelligence quotient and emotional intelligence, educational expenditure (e.g., career choice), and the corruption perception index (e.g. social injustice). All three variables were highly significant, and the model had an R-squared value of 0.73, meaning that these three variables were able to explain 73% of the variance in the income ranks. With a country's average income depending on a countless number of inconceivable variables, it is surprising that just three variables were able to capture so much of the underlying mechanism. That's why just these three variables can be considered as the wealth code for economic success for any given nation.

Given the significant crossover interaction effect, the tertiles of the emotional intelligence and intelligence quotient sorted by income was shown in Table 1.

Table 1: Development of the Kabir wealth curve using the pattern of wealth distribution among the tertile of emotional intelligence and intelligence quotient.

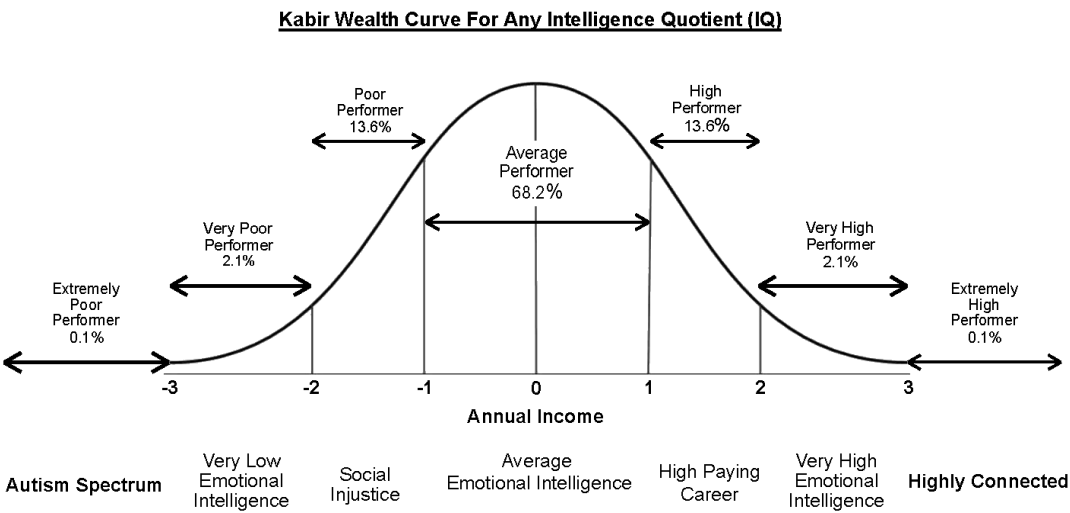
Quartiles	EI Tertile 1 (36-46)	EI Tertile 2 (46-49)	EI Tertile 3 (49-54)	Total
IQ Tertile 1 (60-83)	$1,122 (n=16)	$1,396 (n=10)	$3,886 (n=4)	$1,582 (n=30)
IQ Tertile 2 (83-95.5)	$3,923 (n=9)	$6,104 (n=4)	$11,365 (n=11)	$7,698 (n=24)
IQ Tertile 3 (95.5-108)	$10,373 (n=9)	$32,473 (n=9)	$31,529 (n=9)	$24,792 (n=27)
Total	$4,312 (n=34)	$14,376 (n=23)	$17,680 (n=24)	$11,131 (n=81)

Table 1 shows the impact of wealth increase exponentially when emotional intelligence is increased among the group with the highest intelligence quotient tertile. Among the highest (third) quartile of intelligence quotient, the average income was $10,373, $32,473, and $31,529 for the lowest, middle, and highest tertiles of emotional intelligence, respectively. However, increase of income due to increase in emotional intelligence is not as drastic among the group with lowest intelligence quotient. Among the lowest (first) quartile of intelligence quotient, the

average income was $1,122, $1,396, and $3,886 for the lowest, middle, and highest tertiles of emotional intelligence, respectively. Again, there are increasing trends of income potential among the tertiles of intelligence quotient and emotional intelligence separately. The average income for the lowest tertiles of intelligence quotient was $1,582 and highest tertiles was $24,792. Again, the average income for the lowest tertiles of emotional intelligence was $4,312 and highest tertiles was $17,680. If all other factors are held constant in each country, this phenomenon of intelligence quotient and emotional intelligence on income should also work at an individual group level.

Assumption used to development of Kabir Wealth Curve:

The fundamental principle used in developing the wealth curve is the assumption that individual or national annual income is normally distributed for a given value of intelligence quotient. The Kabir wealth curve assumption will hold true for any group of individuals with a given intelligence quotient where certain groups may have different scores of emotional intelligences leading to different income potential. For the wealth curve, it was assumed that the extremely low emotional intelligence belongs to most of the individuals within the autism spectrum (with some exception) and cannot function in society hence leading to very lower annual income. According to the Kabir wealth curve, an individual group with higher intelligence quotient is associated with higher income even if someone has a comparatively lower emotional intelligence. But for any individual group with a higher intelligence quotient, emotional intelligence has a higher impact on income changes compared to changes within the lower intelligence quotient. But all the predictions about the income hold true for average performers which constitutes 68.2% of the

people with the average emotional intelligence for a given intelligence quotient. The authors assumed that the choice of a high paying career is usually associated with higher educational expenses and will lead to higher annual income [1]. Similarly, low, or very low performance in income is associated with social injustice because of corruption perception index [1]. The authors assume an individual group with very low emotional intelligence will not be able to tackle social injustice and will lead to further deterioration of income potential [1]. The authors also assume that higher educational expenses may produce high paying jobs that may explain the variability of the income among the very high performers. The authors did not have any data to explain the effect of family inheritance, or connections but it is possible that extremely high performance (outside 95% confidence interval) on the curve may be associated with strong connections (like family inheritance, college alumni, political association, friendship with the very powerful etc.). Based on the above assumptions, the authors developed the Kabir wealth curve for a group of individuals for a group of individuals with a fixed intelligence quotient.

Principles of Kabir wealth curve:

Principle 1: Emotional intelligence (emotional awareness and ability to express and handle interpersonal relationships judiciously and empathically) is a vehicle for how one delivers the impact of intelligence quotient (one's ability to perform, comprehend and learn). A highly autistic person usually can not achieve success with low emotional intelligence though autistics may have a higher intelligence quotient.

Principle 2: Impact of intelligence quotient is more important on income potential compared to emotional intelligence. However, the effect of emotional intelligence is exponentially higher in terms of income potential among individual groups with higher intelligence quotient compared to those of lower intelligence quotient groups. Thus, emotional intelligence and intelligence quotient serves are complementary to each other.

Principle 3: A higher emotional intelligence will help anyone navigate in the difficult world, building relationships and maintaining them which is important for building wealth in future. Individual income potential may be predicted by emotional intelligence with a delay of 10 to 12 years after entering the job market [5] as it predicts long term relationships which is key in building wealth over time. This may be the reason why cross sectional study may not reflect income wealth relationship at individual level due to presence of different stages of career among study participants.

Principle 4: A lower emotional intelligence will prevent anyone from surviving in an adversarial environment like in social injustice leading to significantly reduced income potential. That's why countries with lower corruption perception index (e.g. higher social injustice) have overall lower per capita income.

Principle 5: An individual may have a high emotional intelligence and intelligence quotient but will not be able to succeed without everyone in the society showing signs of better emotional intelligence. The authors previous study reported higher national emotional intelligence is associated with lower corruption or social injustice in any given society [1]. That may be the reason the effect of emotional intelligence and intelligence quotient is more clear at the national level than individual level. In addition, a nation may go into a disruptive battle among fractions (leading to reduced income potential for everyone) due to failure to resolve them unless all are equally emotionally intelligent.

Principle 6: The effect of emotional intelligence on intelligence quotient will predict income of a group of individuals but may not explain those who are extremely successful like billionaires (those who are outside the 95% confidence interval). A strong discipline and powerful connections, family heritance may put someone ahead of others in the wealth curve.

Conflict of Interest: The author has no conflict of interest to disclose.

Reference:

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