



Developing a Model Representing the Priority and the Interaction of Factors Affecting Organizational Entrepreneurship

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ABSTRACT

The aim of the present study was to examine and develop the interactions among factors influencing organizational entrepreneurship. To this end, the nine factors of Attahir Model were used. These factors include: 1) effective management (the ability to make appropriate planning and the effective employment of human resources), 2) the government satisfactory support, 3) marketing agents (market research and demand), 4) the supply of products and services at the international level, 5) levels of education, 6) the availability of funds and the level of initial investment, 7) unique characteristics (self-reliance, charisma, persistence, local reputation, and trustworthiness), 8) previous business experiences and 9) political relations. In this study, the level of education was excluded and the remaining eight factors were used to develop an interactive model. The methods of analysis were the Delphi method and interpretive structural equation modeling. The results of the study suggested that the unique characteristics are the most influential among the eight factors under study. In addition the dynamics of the components of the model was confirmed.

Keywords: interpretive structural equation modeling, entrepreneurial factors, interaction.

1. INTRODUCTION

Entrepreneurship is a concrete and functional concept that has been used for nearly 200 years. Some argue that since His creation of mankind has been dealing with and using entrepreneurship unconsciously to make a living (Saidi Mehrabad, and Mohtadi, 2008). Entrepreneurship was originally derived from French literally meaning commitment. Recently, entrepreneurship has been defined as a process that is used in every organization, whether large and small, public or private, and manufacturing or service. Entrepreneurial process refers to the tendency of people to use new opportunities and make creative changes. In fact, entrepreneur is someone who is committed to organize, manage and assume a risky business (Katsikis & Kyrgidou, 2003). Entrepreneur is a person who sees workplace threats as opportunities and takes advantage of factor for the production of making new goods and providing new services. Although

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entrepreneurs have to do the duties of managers and investors, they distinguished from the managers due to their emphasis on creative changes (Pur Dariani, 2001). Entrepreneurs usually recognize and take into account opportunities that are noticed by others. Shumpeter considers entrepreneurship as the theoretical dynamic engine of economic development and this engine embodies as the entrepreneur. Entrepreneurship is the creation of a valuable umbrella from nothing and thus the entrepreneur is someone who has high power and ability to find opportunities and is able to create value by generating a new idea and changing it into a product or service (Kia, 2007).

Generally there are two types of entrepreneurship. The first type is called individual or independent entrepreneurship in the sense that an individual person or group of people starts a new business. The second kind type of entrepreneurship occurs when an individual or group of people perform action on an ongoing organizational activity which is called corporate entrepreneurship (Hasan Moradi, 2006). Corporate entrepreneurs cannot easily pass through the issues and problems. They see all things as open-ended and they are always looking for a solution. They are always thinking of new ideas as they are idealistic and possess good abilities to turn ideas into a profitable reality (Bygrave, 1994). That people leave the organization and set up a new business outside of the organization indicates that such people have an entrepreneurial spirit and that the organization has not been successful in creating an entrepreneurial workplace (Samad Aghaei, 1999).

In fact, in the global competitive, great classic market capitalism will gradually lose its power and only those people with the entrepreneurial spirit will survive in the international arena (Hisrich & Peters, 2002).

In most developing countries like Iran, the socioeconomic situation is in such a way that such countries despite having great human and financial resources they still face traditional and new problems due to the lack of correct and rational utilization of their resources so they need novel solutions to eliminate the problems. Among modern issues that have been arisen during the recent decades influencing the developing communities are knowledge-based economies, encouraging innovation, producing new products and services, the establishment of small and medium businesses and self-employment. In addition, special problems facing Iran in the 1990s such as the youth unemployment especially unemployment faced by university graduates, the inability of the industrial sector in generating new and divers products and services, the lack of understanding of community needs and inability of some sectors to meet the identified needs made those responsible for the compilation of the 3rd Iranian Development Program put great emphasis on the issue of entrepreneurship. Besides, the government possessing the strongest levers to create and support entrepreneurial activities is required to provide opportunities to develop and train entrepreneurs by adopting

polices and making the needed infrastructures. Of course, different and sometimes sporadic actions have been taken in recent years in this regard. Accordingly, a community will be successful in this new arena that possesses higher entrepreneurial abilities. Therefore, the identification of factors affecting entrepreneurship is of great significance.

Moghimi (2004) identified factors affecting corporate entrepreneurship and divided these factors into three categories including structural, behavioral, and contextual factors. In addition, Moradi (2004) has divided factors affecting the academic entrepreneurship into three outside system dimensions including infrastructures, theoretical foundations, and goals as well as six inside system dimensions including context, inputs, processes, outputs, evaluation and outcome development.

Jahangiri (2004) in his dissertation titled “Development and explanation of the model of factors affecting corporate entrepreneurship” has identified two categories of individual and organizational factors.

Attahir (1995) in a study of small service organizations (tourism, transport, retail, etc.) in the South Pacific Region observed that the critical factors affecting the success of corporate entrepreneurship are as follows:

- Effective management (the ability to make appropriate plans and effective employment of human resources)
- Satisfactory government support
- Marketing factors (market research and demand)
- The supply of products and services in the international arena
- Levels of education
- Availability of funds and the level of initial investment
- Unique characteristics (self-reliance, charisma, persistence, local reputation, and trustworthiness)
- Business experiences
- Political relations

2. RESEARCH METHODOLOGY

The present study is among the field research that uses the library studies and is an applied research regarding the objectives it follows. The nine factors suggested by Attahir (1995) were used to investigate entrepreneurship and factors influencing corporate entrepreneurship. In this study, the level of education was excluded and the remaining eight factors were used to develop an interactive model. The methods of analysis were the Delphi method and interpretive structural equation modeling. Then the structural self-interaction matrix was developed using the expert opinions. In the next stage, the reach ability matrix

was formed which can help to create a matrix containing all the inputs and outputs. Finally the interactive model of the study was formed. The symbols used in the self-interaction matrix were:

V that shows i will result in j, A that shows j will result in i, X that means both i and j are formed by one another and O that indicate there is no relationship between the two variables.

In the reach ability matrix, the first and third second symbols will take the numerical value of 1 and the second and the fourth symbols are assigned a zero numerical value. Finally, the row and column sum of the matrix shows the degree of independence and dependence. The conceptual model of the study is shown in Figure 1:



Figure 1: Conceptual model of the study

2.1 Analysis of the opinions using the interpretive structural modeling

The structural self-interactive matrix is presented here. The factors under study are compared pair wise. So a total number of 36 comparisons have been made to complete the table to continue the structural analysis.

Table 1 shows the structural self-interactive matrix. Note that the numbers are based on the way the factors are presented with the exception that only the level of education has been excluded. In fact, the following factors were investigated:

- Effective management (the ability to make appropriate plans and effective employment of human resources)
- Satisfactory government support
- Marketing factors (market research and demand)
- The supply of products and services in the international arena
- Availability of funds and the level of initial investment
- Unique characteristics (self-reliance, charisma, persistence, local reputation, and trustworthiness)
- Business experiences
- Political relations

Table 1: Structural self-interactive matrix

Factors	1	2	3	4	5	6	7	8
1	X	A	O	V	A	A	A	A
2	V	X	V	V	X	A	X	X
3	O	A	X	V	A	A	A	A
4	A	A	A	X	A	A	A	A
5	V	X	V	V	X	A	X	X
6	V	V	V	V	V	X	V	V
7	V	X	V	V	X	A	X	X
8	V	X	V	V	X	A	X	X

Now the initial reachability matrix is formed as follows using the numerical values mentioned:

Table 2: Initial reachability matrix

Factors	1	2	3	4	5	6	7	8	Influence
1	1	0	0	1	0	0	0	0	2
2	1	1	1	1	1	0	1	1	7
3	0	0	1	1	0	0	0	0	2
4	0	0	0	1	0	0	0	0	1
5	1	1	1	1	1	0	1	1	7
6	1	1	1	1	1	1	1	1	8
7	1	1	1	1	1	0	1	1	7
8	1	1	1	1	1	0	1	1	7
Dependence	6	5	6	8	5	1	5	5	5

The clustering matrix of the factors under study is formed as follows:

Table 3: Clustering matrix of factors under study

Relation clusters 2, 5, 7, 8	Influence clusters 6
Dependence clusters 1, 3, 4	Independence clusters None of the factors

The table of the total input, output, common, and grading factors is formed as follows. In this table, the priority level is related to higher outputs and lower inputs. Under the same conditions, factors that are in the same conditions are placed at the same level.

Table 4: Input, output, common, and grading factors

Factors	Input factors	Output factors	Common factors	Levels
1	1,2,5,6,7,8	1,4	1	3
2	2,5,6,7,8	1,2,3,4,5,7,8	2,5,7,8	2
3	2,3,5,6,7,8	3,4	3	3
4	1,2,3,4,5,6,7,8	4	4	4
5	2,5,6,7,8	1,2,3,4,5,7,8	2,5,7,8	2
6	6	1,2,3,4,5,6,7,8	6	1
7	2,5,6,7,8	1,2,3,4,5,7,8	2,5,7,8	2
8	2,5,6,7,8	1,2,3,4,5,7,8	2,5,7,8	2

Finally, the interactive model resulting from the interpretive structural modeling will be as follows:

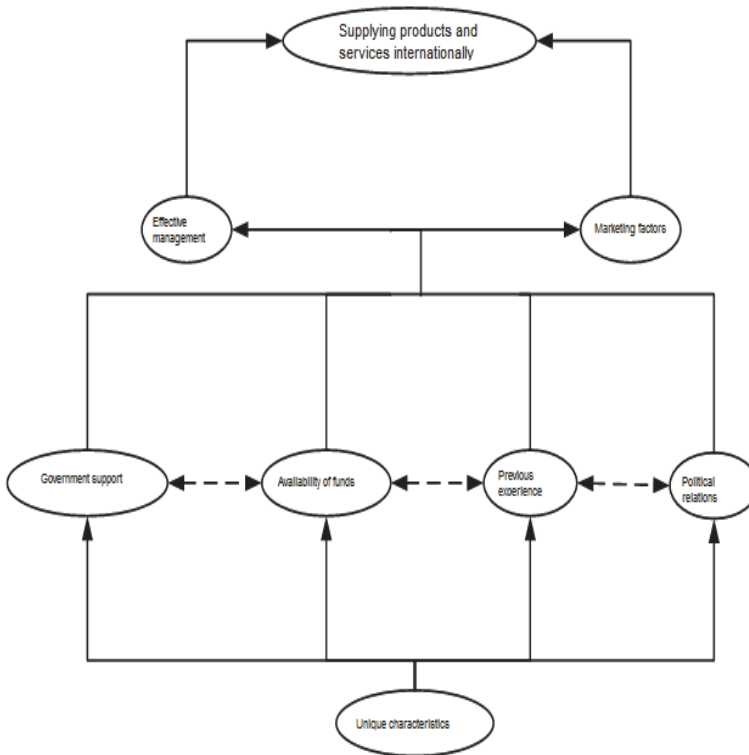


Figure 2: The final interactive model of study

3. CONCLUSIONS AND SUGGESTIONS

As the findings of the study indicate, Factor number 6 that is unique characteristics such as self-reliance, charisma, persistence, local reputation, and trustworthiness has the highest importance and influence and whose existence will lead to the existence of other factors. So it is clear that in order for organizations become entrepreneurs they are in need of individuals with these characteristics. In addition, variables 2, 5, 7 and 8 representing political relationship, financial resources, government support, and previous experience have the same level of influence. Indeed, these factors are highly interdependent. An individual with high entrepreneurial experience is likely to have political relations that could result in financing and government supporting and vice versa. In fact, these factors have a reciprocal influence on each other. Effective management and marketing factors are regarded as the second most influential factors that ultimately lead to the delivery of products and services at the international level. Finally, the factor clustering factor suggests that all these factors are interrelated and none is placed in a single cluster, confirming the consistency of the factors included in the model.

The readers and researchers are advised to investigate other aspects of entrepreneurship in subsequent research. In addition, they can compare and rank these factors using hierarchy analysis or the Friedman test.

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