

Analysis of the Relationship Between Organizational Entrepreneurship Dimensions (Leadership and Aggressive Competition) and Financial Performance of Irancell Company

¹Fatemeh Taffazoli, ²Mohammad Fateminezhad

¹Department of Management, Naragh Branch, Islamic Azad University, Naragh, Iran

²Department of Management, Naragh Branch, Islamic Azad University, Naragh, Iran

Received: December 1, 2016

Accepted: January 10, 2017

Online Published: January 16, 2017

Abstract

This study aimed to investigate the relationship between organizational entrepreneurship dimensions (leadership and aggressive competition) on the financial performance of Irancell, analyzed based on the conceptual model and framework of this study. The research population consisted of all 320 directors and employees of Irancell Company. The sample was calculated to be 121 people, using Cochran formula. To gather data, two questionnaires were used whose validity was confirmed by the experts, using Chronbach Alpha for testing its consistency. SPSS software was used to analyze the data collected through the questionnaire, using relevant statistical hypothesis tests, to analyze data. According to the results of the statistical analysis, there is a significant correlation between the independent variables of leadership and aggressive competition and the dependent variable of financial performance.

Keywords: Organizational Entrepreneurship, Financial Performance, Leadership and Aggressive Competition.

1. Introduction

Entrepreneurship is a concept that has existed since human creation. A review of the entrepreneurship literature shows that the concept of entrepreneurship was first introduced by the economists. Entrepreneurship is considered the gravity center of work and progress in the modern era and a key factor of the growth and economic development 's driving engine. Without proper attention to the category of "developing entrepreneurship culture and its education" cannot lead us to the growth and development indices, obtained through changes in production, productivity and technical and industrial capacity in the economy [1]. Individual entrepreneur is the one who maximizes the opportunities. Entrepreneurship is the main factor in developing creativity and innovation that is the process of value creation through forming a unique set of resources to take advantage of these opportunities. Concepts of creativity, risk-taking and innovation in entrepreneurship are effective keys at the start of producing goods and entrepreneurial activities as well as successful transition of the

company to international markets. Therefore, the success belongs to those communities and organizations which link scarce resources to the management and entrepreneurship capabilities of their human resources meaningfully. Entrepreneurship plays a key role in the economic development of different societies. Entrepreneurial roles have taken new forms, moving towards self-employment and entrepreneurs have the key roles in the economic development trend of different societies. It must be noted that entrepreneurs don't create just new job vacancies and they destruct the structure, thinking, movement, and culture creatively to build prosperity and progress from the heart of these ruined structures. In today's world, economic system is moving fast. Firms that can't keep pace with it don't have any fate but destruction. Creative and innovative people are the agents for big changes in the industrial, manufacturing and service sections as entrepreneurs and are also referred to as national heroes. Economic development's wheels have always been driven by the entrepreneurship development. People like Gilgit, Ford, Gatti, and Rockefeller have gained enormous wealth for their entrepreneurship activities. Other than material rewards, spiritual rewards for gaining something from nothing are very important for them [2]. For most of them, the value of spiritual rewards is higher than the value of material rewards. Entrepreneurship is the symbol of commercial success and the entrepreneurs are the pioneers of business achievements in the society. There are evidences indicating that the cause of the development of the countries such as the US, Japan and Germany, developed in terms of industry, is entrepreneurship. Entrepreneurship has emerged as a profession and like other professions it must be developed and fostered through educational and academic programs based on the behavioral and experimental studies. Parson Vasmelser suggests entrepreneurship as one of the two prerequisites for the economic development (in this view, another essential condition is the added output of capital). Schumpeter also identifies entrepreneurship as the key to the economic development or its role in creating innovation. On the importance and necessity of entrepreneurship, it must be exemplified that just from 1960-1980, 500 entrepreneurial institutes have started their work in India and even many large and global firms have resorted to the entrepreneurs for solving their problems. The statistics of America shows that over 69% of innovations and inventions have been created by the entrepreneurs of small and intermediate industrial units. The most important roles of entrepreneurship in the development trend are as follows:

- Entrepreneurship is the cause of collecting aimless and wandering public savings.
- Entrepreneurship causes employment on a large scale.
- Entrepreneurship leads to balanced regional development and also reduces the economic concentration in the region.
- Entrepreneurship leads to a fair redistribution of wealth, income and even political power in the society.
- Entrepreneurship causes mobility of useless and wandering resources, capitals and skills in the community.
- Since entrepreneurs are steadily innovating and inventing, entrepreneurship improves life quality.
- Entrepreneurship increases social benefits from the government. Increased income through entrepreneurship improves government services in the social and cultural fields.

- Entrepreneurship stimulates and encourages competition, collection and organization of the resources and their effective utilization and the cause of revival and development of national resurgence.

2. Literature

Ghahramani et al. (2010) showed a significant and positive correlation between organizational culture and organizational entrepreneurship. Thus, by improving organizational culture, organizational entrepreneurship will also increase. Khanifar and Vakili (2008) determined the type of organizational structure and corporate and economic entrepreneurship. In their study, different organizational structures included knowledge structure (trust-based relationship, interorganizational interaction and comprehensive emotional relationship) and the organic and the mechanical structure. Results showed that different organizational knowledge structures are significantly correlated with the organizational and economic entrepreneurship. There was a significant and negative correlation between organic and the mechanical structure and economic and organizational entrepreneurship. Antoncic and Hisrich (2003) studied organizational value creation in 477 Slovenian companies concluding that organizational entrepreneurship and some of its requirements have different effects on the organizational value creation, growth and profitability. Scheepers et al. (2008) studied developing organizational entrepreneurial capabilities of 315 firms in South Africa concluding that the strategic director of the firm should support organizational entrepreneurship (with the dimensions of innovation, risk-taking, leadership, and autocracy). Also, the director should allocate rewards for the entrepreneurial behavior to improve the organizational entrepreneurship capability.

Su et al. (2008) studied the effects of quality management functions on the financial business function in 196 manufacturing and service firms of west China. They concluded that quality management functions don't affect business function directly. But, they affect it indirectly by the quality and research and development functions. They also found that the industry type balances the relationship between quality management functions and business financial performance.

3. Methodology

This study is a research paper with an applied approach. Two questionnaires of entrepreneurship and financial performance were used for data gathering. For testing data normality and measuring variables, Kolmogorov-Smirnov test was used. Based on the results, if data distribution was normal, parametric test was used and if not, non-parametric test was utilized by SPSS software.

Statistical Population

Statistical population included all 320 managers and experts of Irancell Company. Using Cochran formula and random sampling, 121 people were used

$$n = \frac{(320)(1/96)^2(0/5)(1-0/5)}{(320-1)(0/05)^2 + (1/96)^2(0/5)(1-0/5)} \approx 121$$

4. Results

4.1. Main Hypothesis Analysis

There is a significant correlation between entrepreneurship and financial performance.

Table 1. Path coefficient and statistics of organizational entrepreneurship

R^2	t value	(β)	Predictable variable
0.756	14.525	0.918	Organizational entrepreneurship

Regarding path coefficient of 0.918 and t value of 14.525 it is observed that organizational entrepreneurship is correlated with the financial performance at 99% confidence level. Thus, the main hypothesis is significant and confirmed.

Multiple determination coefficient (R^2) was obtained to be 0.756. This coefficient has the predictability of the dependent variable by the independent variable. Thus, overall, organizational entrepreneurship can predict 75% of the changes of financial performance of the organization.

4.2. Alternative Hypotheses

There is a significant correlation between leadership and financial performance.

There is a significant correlation between aggressive competition and financial performance.

Table 2. Path coefficient and statistics

	t value	(β)	Pre dictor variable
0.627	12.645	0.196	Leadership
	13.791	0.393	Aggressive competition

Regarding path coefficient of 0.916 and t-value of 12.645 it is observed that leadership is correlated with the financial performance at 99% confidence level. Thus, the first alternative hypothesis is significant and confirmed.

Multiple determination coefficient (R^2) was obtained to be 0.627. This coefficient shows the predictability of the dependent variable by the independent variable. Thus, overall, leadership and aggressive competition can predict 62% of the changes of financial performance of the organization.

5. Conclusion

Regarding the proposed hypotheses, the following results were obtained:

First alternative hypothesis: There is a significant correlation between leadership and financial performance. Regarding test results (the effect of independent variable on the dependent variable of 0.196), it can be said that there is a significant correlation between leadership and financial performance. Thus, the first alternative hypothesis is confirmed. This result agrees with Aktan and Boloot (2008) who studied the effects of organizational entrepreneurship on the financial performance in emerging markets of 312 active Turkish firms. They found that organizational entrepreneurship with 4 dimensions of innovation, risk-taking, leadership and aggressive competition affects financial performance of the firms in developing countries. Second alternative hypothesis: There is a significant correlation between leadership and financial performance. Regarding test results (the effect of independent variable on the dependent variable of 0.393), it can be said that there is a significant correlation between aggressive competition and financial performance. Thus, the second alternative hypothesis is confirmed. This result agrees with Khanifar and Vakili (2008) who studied the type of organizational structure and organizational and economic entrepreneurship. Their study included different organizational structures and aggressive competition including knowledge structure (trust-based relationship, intraorganizational interactional relationship, and comprehensive emotional relationship) and organic and mechanical structure. Results showed that there is a significant correlation between different organizational knowledge structures; while, there is a negative and significant correlation between organic and mechanical structure and organizational and economic entrepreneurship.

This study titled “Analysis of the relationship between organizational entrepreneurship dimensions (leadership and aggressive competition) and financial performance of Irancell Company”, the dimensions of organizational entrepreneurship and financial performance were investigated.

References

- Mogimi, Mahmood (2005). *Entrepreneurship in the public organizations*. Tehran, Aghigh Publication.
- Hadizadeh, Akram., and Rahimifilabadi, Farajollah (2009). *Organizational entrepreneurship*. 1st edition. Tehran. Janan Publication. Hashemi, Samaneh (2005). *Entrepreneurship in Iran*.
- Antonic B & Hisrich R.D,(2004), Corporate entrepreneurship contingencies and organizational wealth creation, *Journal of Management Development*, Vol. 23 No. 6, pp. 518-550.
- Avlonits G.J & Salavou H.E,(2007), Entrepreneurial orientation of SMEs, product innovativeness, and performance, *Journal of Business Research*, Vol. 60, pp. 566–575.
- Bergeron F et al,(2004), Ideal patterns of strategic alignment and business performance, *Information & Management*, Vol. 41, pp. 1003– 1020.
- Scheepers M.J et al,(2008), Nurturing the corporate entrepreneurship capability”, *Southern African Business Review*, Vol. 12. pp. 50-75.