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Effective Factors on Entrepreneurial Orientation in Iran Banking Industry

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Abstract

Today moving from traditional banking system into entrepreneurial one is very vital due to valuable opportunities it creates as well as changing the conditions to deal with the environmental threats and resulting in structural revolutions in banking system. Therefore, recognizing the entrepreneurial orientation and the factors influencing it is of high importance for amplifying the innovation and preparing the conditions for the banks to enter the risking process of entrepreneurship. The purpose of this article is proposing a model of entrepreneurial orientation which can be used by policymakers and managers of banking system toward improving the entrepreneurial orientation. The society of this paper was 700 employees of privacy banks in Tehran. In order to collect the required data, the questionnaire was distributed completely random between 350 staffs of these banks in which 184 of them were returned and was used in data analysis process by use of SPSS and Lisrel. The results show that the entrepreneurial orientation, cultural factors and among organizations factors, making proper connections between organizational unit and high manager support had a good condition. Moreover, organizational conflicts, inappropriate rewarding system, economical and political conditions and the values are not considered as positive adjustment. Thus, the proposed model, as an aborigine pattern, can be used by policy makers and high managers of Iran's banking system to provide the conditions for entering the entrepreneurial process in the banking system.

Keywords: Entrepreneurial Orientation, Organizational and Environmental Factors, Banking System

Introduction

Banking system has faced some outstanding evolutions since 1990; the rate of these changes in the recent years has accelerated due to the development of communication al facilities, globalization, deregulation, technology improvement, more specifically information technology (Kuratko, Hodgetts, 2006, p. 28). Nevertheless, the banking services in Iran lack diversity, quality and speed and is considered deficient in equipping the resources and servicing the customers (Lumpkin and Dess, 2006, p.8). In order to deal with problems and challenges of banking system, preparing the prerequisites of increasing the entrepreneurial orientation can be considered as an effective pattern

for reaching the innovative goals, enhancing imitateness as well as offering new products and business processes and subsequently improvement of servicing quality (Milles & Covin, 2002, p.23). The investigations show that organizational, economical, cultural and political factors play an important role in entrepreneurship of banks in which arranging the appropriate economical, cultural and political conditions seems vital (Hodgetts, 2006,p.38). In other words, environmental factors can adjust the effects of organizational factors on entrepreneurial orientation of organizations (Hitt, Irelan & Sexton, 2007, p.15). The main question of this paper is recognizing the main components of entrepreneurial orientation and formulating an appropriate model for it in banking system of Iran in which the main concern of the researchers is recognizing the determining factors and the contexts influencing entrepreneurial orientation. Hence, the main question is, what are the main factors influencing entrepreneurial orientation? Reviewing the literature shows that the experts have enumerated different factors in which in this research project by examining and categorizing them, a final model for factors influencing the entrepreneurial orientation in banking system will be proposed. Therefore, the components and variables influencing the entrepreneurial orientation were recognized and described and then a conceptual model based on these variable and the linkage between them were proposed, subsequently the model was tested for being sound for the banking system of Iran. The result will empower the banking system managers to arrange the prerequisites for improving the entrepreneurial orientation.

Literature Review of Entrepreneurial Orientation

One of the main approaches connecting entrepreneurial process to organization strategies is entrepreneurial orientation (Covin&Slevin, 1991, p.1). According to this approach, every organization's entrepreneurship status can be shown on a spectrum from passive or conservative to aggressive or entrepreneurial (Lumpkin & Dess, 2001, p.14). As the organization is active, its managers consider innovation, imitateness, leadership and risk and highlight the importance of recognizing, evaluating and exploiting the opportunities in comparison to passive ones (Knight, 2000, p.13). Miller (1983) believes that organizations with entrepreneurial orientation are more innovative in market and product and show more imitateness and risk in their decision; these features in turn help them to gain a strategic position in their competitive environment (Miller & Friesen, 1982, p.23). According to Covin and Slevin entrepreneurial orientation refers to strategic situation of an organization which is innovative, initiative and has the tendency to risk (Covin& Miles, 1999). Innovation: solving the problems whenever the new informative and communicative technologies as well as modern systems are utilized in the organization's management. Moreover, innovation refers to the orientation of organizations in research and development, supporting new ideas which are separated from the previously determined ones (Morris, 1998, p.14). Being initiative; refers to forecasting the needs, opportunities and future environmental changes as well as utilizing new approaches and techniques for meeting and using them. Risk: the tendency to investment in the projects (Lee & Peterson, 2000, p.46) that results in high profits and outcomes but can lead to great defeats as well. The tendency to risk can be considered as the prerequisite of success in the global competition (Covin, Green &Slevin, 2006). In this research project the following actions were conducted after the primary studies and reviewing the related literature and the current models of organizational entrepreneurship:

- The reliable related models were extracted from the literature and different dimensions, components and variables were scrutinized.

- The model of prerequisites and the influencing factors on entrepreneurship suggested by Jaworski and Kohli (supreme management, dynamism between organizational unit and system) were considered as the independent variables affecting the entrepreneurship and the dimensions of Covin and Slevin (innovation, risk and activeness) were regarded as the dependent variable in the conceptual model.

- Moreover, the condition of the society in general and that of banking system (economic, political and cultural factors) were regarded as adjusting variable of the conceptual model.

- Some other models such as that of Moriss and Levis, macro and micro policies pattern of entrepreneurial orientation presented by OECD, Kuratko entrepreneurial model, model of personal, environmental and organizational factors influencing the entrepreneurship model of Douglas Lobber, entrepreneurship strategic model of Covin and Kuratko and etc. were utilized for formulating the conceptual model of this research. Therefore, the following model was proposed:

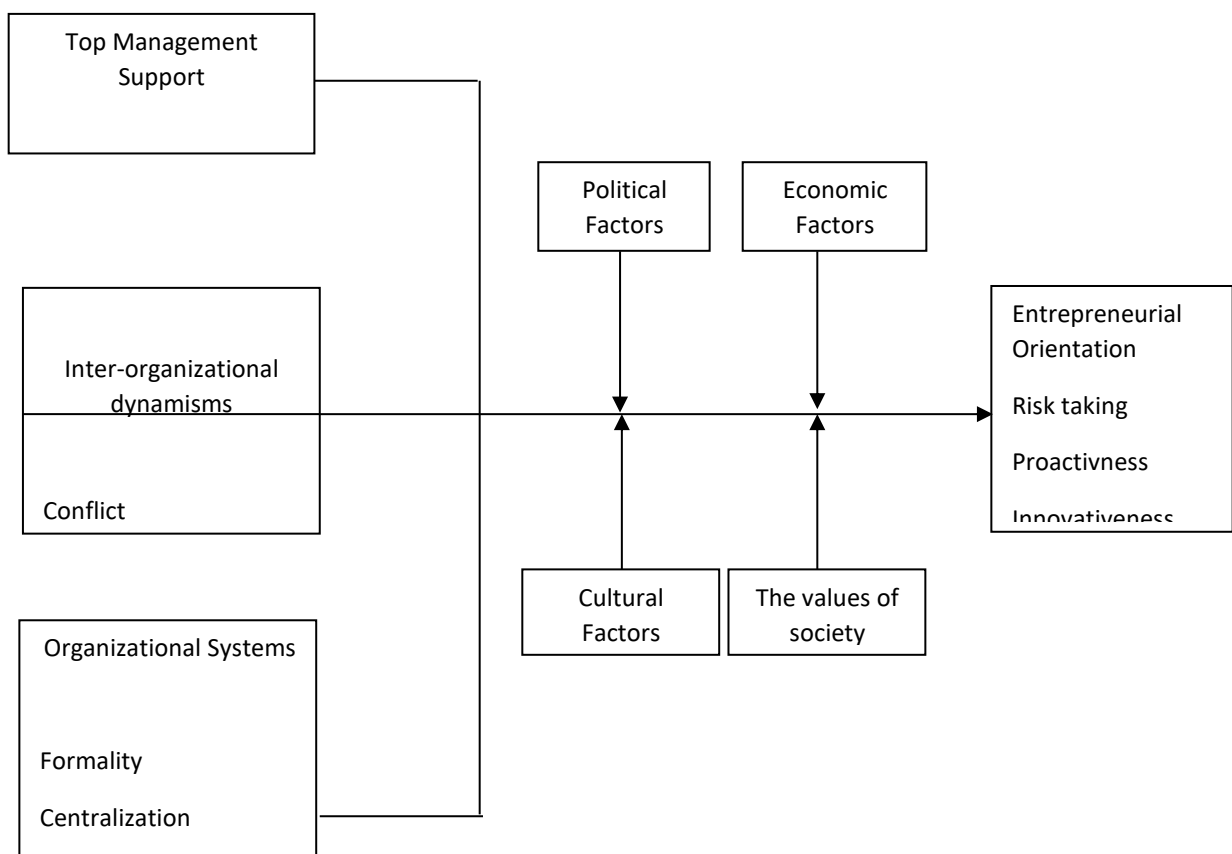


Figure1. Conceptual model of research

Literature Background

Daniel T. Holt et al considered the role of factors influencing the entrepreneurial orientation and its outcomes by conducting a research project with the title of factors and the results of organizational entrepreneurial in air force of American 2008. With regard to the previously done researches by different experts such as Kuratko, Horensbey, Airland as well as Jaworski and Kohli, different organizational factors influencing the entrepreneurial orientation were divided into the following categories of: appropriate use of rewarding system, senior manager support, availability of

resources, supporting organizational structure and the tendency to risk (Holt, 2007). In another research with the title of “entrepreneurial actions of organization manager” Hornsby, Kuratko, Shepherd considered the role of different managers of the organization in implementing organizational entrepreneurial strategy. The result of their research showed that managers of different levels have different duties in shaping a structure for implementing the entrepreneurial ideas and as a comparison, senior managers have higher organizational power for implementing the entrepreneurial ideas to operational managers. Moreover, the findings showed that there is a significance relationship between senior manager’s supports, freedom of task and the number of implemented ideas. The higher managers are more competent in attracting the support of senior managers and have higher freedom of task comparing to the other managers as well. With reference to the findings of this research, freedom of task empower the senior and middle managers to be implement the entrepreneurial ideas more successfully, whereas in operational management level, this kind of freedom doesn’t influence the entrepreneurial orientation (Hornsby, Kuratko, Shepherd, 2009, p.243).

Hypotheses

The hypotheses were formulated regarding the conceptual model of this research, extracted from the scientific resources and the conditions of the society. Therefore, the hypotheses are to be explained here after expressing the conceptual model.

Main Hypotheses

1. Organizational factors influence the entrepreneurial orientation of banking system.
2. Environmental factors significantly modify the extent of organizational factors’ influence on entrepreneurial orientation in banking system of Iran.
3. The condition of entrepreneurial orientation in banking system of Iran is considered to be sound.

I. Sub-hypotheses of 1st main hypothesis

1. Senior managers’ actions influence the entrepreneurial orientation in banking system of Iran.
2. Inter-organizational dynamisms influence the entrepreneurial orientation in banking system of Iran.
3. Organizational systems influence the entrepreneurial orientation in banking system of Iran.

II. Sub-hypotheses of 2nd main hypothesis

1. Cultural factors significantly modify the relationship between organizational factors and the entrepreneurial orientation in banking system of Iran.
2. Economic factors significantly modify the relationship between organizational factors and the entrepreneurial orientation in banking system of Iran.
3. Political factors significantly modify the relationship between organizational factors and the entrepreneurial orientation in banking system of Iran.
4. The values of society significantly modify the relationship between organizational factors and the entrepreneurial orientation in banking system of Iran.

Methodology and Procedure

This research project is practical on the basis of its purpose and regarding the techniques of collecting the required data is analytical descriptive, the method of analyzing the collected data is correlation as well. The literature background of this research was collected by use of desk studies, databases and interviewing with experts. Therefore, based on the organizational factors of Kooratkin, Hornssby, Ireland, Jaworski and Kohli as well as entrepreneurial orientation of Covin and Slevin, theoretical framework of this research project was determined. The society of this research project were 1200 employees of private banks in Tehran. In order to collect the required data, the questionnaire was distributed completely random between 350 employees and 284 of them were returned and used for data analysis. The questions of the questionnaire were about different components of entrepreneurial orientation, organizational and environmental factors as well as their effects on entrepreneurial orientation in banking system of Iran in which for each component, 3 questions were designed (total number of 35 questions). Then, 30 questionnaires was gathered as a pre –test and by use of SPSS, its reliability was determined to be 87.6 which means the above mentioned questionnaire was reliable. In order to analyze the data, descriptive techniques and statistical analysis, more specially correlation, were utilized. As the hypotheses test required correlation analysis, and the variables were qualitative, Spearman correlation coefficient was used. In order to design the questionnaire, five options Likert scale was utilized.

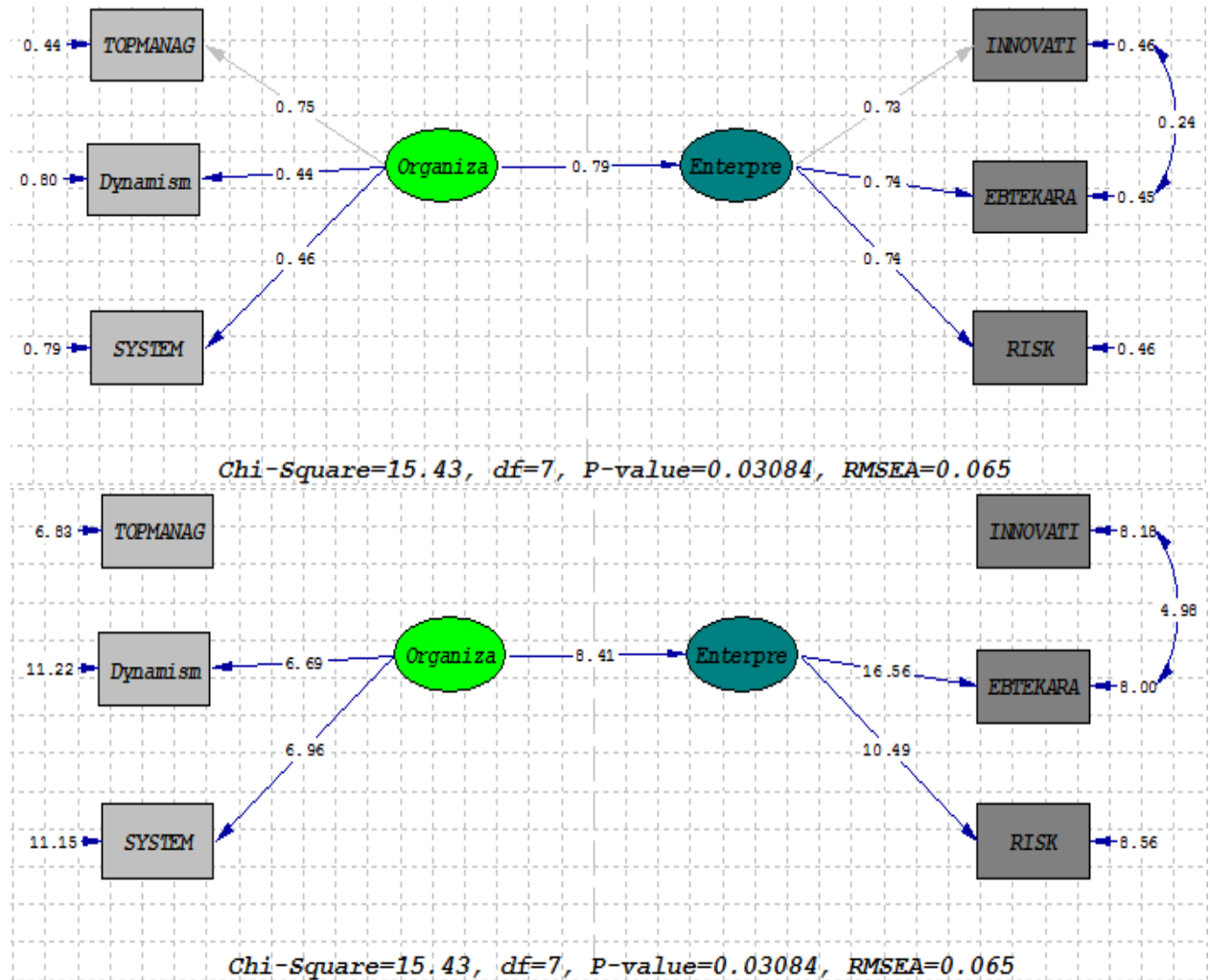
Moreover, in order to analyze the internal structure of the questionnaire and determining the factors composing each latent variable, factor analysis was used. In this section, by use of the above mentioned factor analysis, the equations of each latent variable are to be extracted and interpreted. With reference to the results, all of loading factors of each organizational factors (supreme management, inter-organization dynamisms and organizational systems) and environmental factors (economic, political, cultural and society's values) are meaningful in 99 percent confidence level. All of factor loadings of variables such as innovation, initiative and risk which were related to entrepreneurial orientation were considered meaningful at confidence level of 99 percent. The final indexes (p -value=1.0000, RMSEA=0.000) showed goodness of fit index for the suggested model. It means that all of the dimensions, components and variables which were defined for entrepreneurial orientation, organizational and environmental factors were appropriate and can determine the above mentioned variables experimentally.

Evaluation of the Proposed Model

As it was mentioned previously, regarding the theoretical framework of the research, the conceptual model (figure no. 1) is considered for organizational and entrepreneurial orientation. In order to find a more appropriate model for banking systems, discovering factor analysis was used in which some variables were merged and ultimately the final conceptual model was determined. To support this model, LISREL software was used. In this section, in order to calculate and evaluate the fit of this model, independent variable (organizational factors), modifying variable (environmental variables) and dependent variable (entrepreneurial orientation) are to be discussed.

Fitness of structural section of conceptual model

- I. Fitness of the model without considering the modifying variables

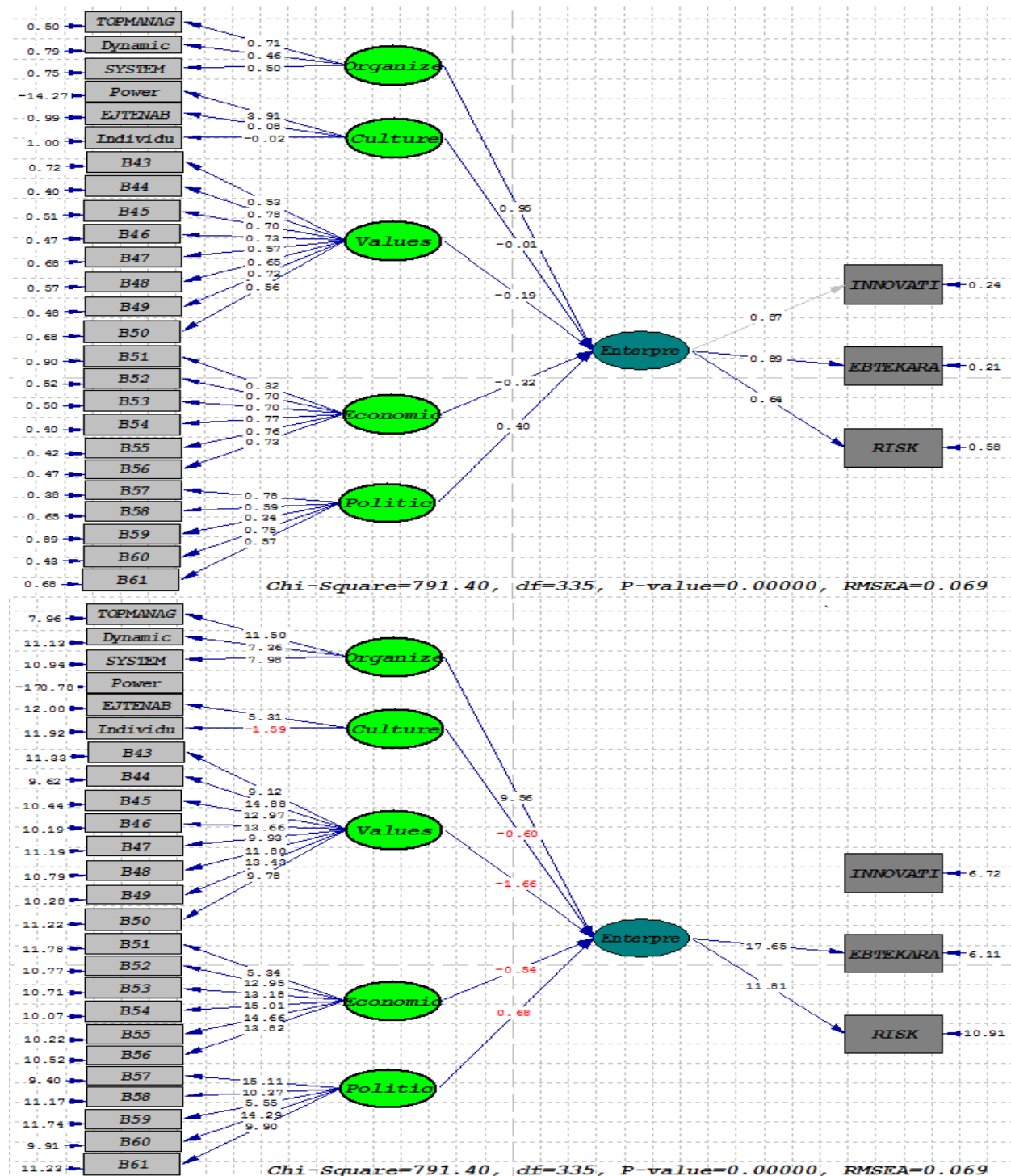


$$\frac{\chi^2}{df} = 2.2 \cdot \xi$$

, GFI = 0.98, RMSEA=0.065, CFI=0.99, AGFI=0.95, NFI=0.98, NNFI=0.97

Since the fitness indexes are higher than the determined ones, we can conclude that the conceptual model has a sound fitness; it means that the collected data shows the relations of the conceptual model. All of factor loadings are meaningful at confidence level of 99 percent. Organizational factors have a significance effect on entrepreneurial orientation and in general independent variable of organizational factor (R2=0.67), determines 67% of changes of independent variable of entrepreneurial orientation and 33% of them is related to the factors that are influential in entrepreneurial orientation, but are not mentioned in the model.

II. Fitness of conceptual model in the presence of modifying variables



Since the fitness indexes were higher than the required ones, it can be concluded that the conceptual model has a good fitness; it means that the collected data show the relations of the conceptual model. In this model, not all factor loadings are meaningful. Factor loadings that are

shown in red in figure 4-25 (individualism, the society's values, economic and political factors) are not meaningful. In other words, they don't have any significance effect on entrepreneurial orientation. The other factor loadings that are shown in black color are meaningful in confidence level of 99 percent. Out of independent variables, just the variable of organizational factors (factor loading 0.95) had a significance effect on entrepreneurial orientation and as a general, independent variable ($R^2=0.84$) shows 84% of changes on independent variable of entrepreneurial orientation and the other 16% percent of them are the factors that are influential on entrepreneurial orientation, but were not mentioned in the model.

Comparing the fitness of the above-mentioned models and determining the effects of modifying variables

In 1st conceptual model, organizational factors have a significance effect (factor loading 0.79) on entrepreneurial orientation. This factor loading has increased to 0.95 in 2nd model. Encompassing the modifying variables in the model changes the effects of independent variable on dependent variable into an insignificance one. Thus, we can say that the effect of modifying variables is complete. Whereas, by encompassing the modifying variables into the model, the effect of independent variable on dependent one (factor loading) increases; thus, it can be mentioned that the effects of modifying variables is partial and positive. By comparing these two models, it can be concluded that the factor loading of independent variable increases by encompassing the modifying variables which is significance; therefore, modifying variables have a significance effect on the relation between organizational factors and entrepreneurial orientation. In this research, the following tests were used for analysis of the questionnaire's data: Factor analysis, the process in which the researcher has followed for testing the data, whether qualitative or quantitative, are as follow:

Demographic Data

Reviewing the demographic data shows that more than half of the respondents had more than 20 years experiences which shows high experience of bank employees. Moreover, 86% of the respondents were male and 14% of them were female. It shows the dominance of men in management positions in banks. Descriptive data also shows that 76% of the respondent had academic education which shows the competences and abilities which they acquired from universities. And it is observed that 46% of them were higher than 51 years old while just 8% of them were less than 30 years old.

The Findings of Model Analysis and Testing the Hypotheses

Reviewing the results of testing the normal distribution of organizational, environmental and entrepreneurial orientation variables by use of One-Sample Kolmogorov-Smirnov Test showed that all of them had a significance coefficient higher than 5%, thus, null hypothesis (H_0) which suggests that the mentioned variable has a normal distribution is supported and we can conclude that the variable had normal distribution. The result of Pearson correlation coefficient shows that Cronbach's Alpha for the variables were more than 0.7 and it shows the reliability of the questionnaire. Moreover, the results of fitness test shows that the conceptual model has been an appropriate one.

The results of verifying factor analysis of different variables ($RMSEA=0.000$, $P\text{-value}=1.0000$) shows the fitness of the proposed model. It means that all of dimensions, components and variables which were defined for organizational factors and entrepreneurial orientation are appropriate and theoretically can determine the mentioned variables. Therefore, all of factor loadings of

organizational factors and entrepreneurial orientation are significance all confidence level of 99 percent. With reference to (R2) and standardized coefficient, it can be mentioned that regarding organizational factors; senior management variable has the highest importance in determining the organizational factors and has the highest factor loading (0.63). Organizational system (0.58) and inter-organizational dynamism (0.45) are important respectively. In the case of entrepreneurial orientation; initiative variable has the highest importance in determining the entrepreneurial orientation and has the highest factor loading (0.90). Innovation (0.87) and risk (0.61) are the other important variables respectively.

The following results were determined regarding the hypotheses of this research:

The 1st main hypothesis: organizational factors influence the entrepreneurial orientation in banking system of Iran.

Before analyzing this hypothesis and evaluating the results of different tests, the findings of Zahra (1991) were scrutinized. According to her findings organizational factors had the most importance effect on entrepreneurial orientation in different organizations in which different factors such as organizational controlling systems, organizational culture, organizational structure, and management support are some of organizational factors which were examined in different researches. Kuratko (1991) also in a research project evaluate five different organizational factors of entrepreneurial orientation: senior management support, availability of resources and giving rewards, organizational support, risk and time. He concludes that senior management support, organizational structure and availability of the resources have the highest effect on development of entrepreneurial in different organizations. Daniel T. Holt also examined the role of organizational factors on entrepreneurial orientation in which some of the most important ones were sound rewarding system, risk and ignoring the job mistakes, management support, resources availability and supportive organizational structure. In this research, senior management support, dynamism between organization's units and organizational system were considered as some of the most effective organizational factors of entrepreneurial orientation.

In order to evaluate the effects of organizational factors on entrepreneurial orientation, the above mentioned hypothesis was analyzed. Regarding the level of significance level 0.000 (less than 0.05), H₀ is rejected. Therefore, it can be mentioned that there is a significance difference between the mean of organizational factors and the tested value (3). Since upper and lower limit are positive, we can say that the mean of organizational factors' mean are higher than median and there are some suitable organizational factors for reinforcing the entrepreneurial orientation in private banks of Iran. Out of organizational factors, shaping constituent relations between organizational units, senior management support, lack of concentration and formality are more important than the other variables, but factors such as organizational conflicts and rewarding system are disrupting factors in which confirms that there are such conflicts in banking system of Iran.

Second hypothesis: environmental factors modify the extent of organizational factors influences on entrepreneurial orientation of banking system.

Before final analysis of this hypothesis and the results which are extracted from different tests, it is necessary to review the literature. As it was mentioned in chapter two, external environment is defined as physical and social factors directly influencing the decision making of people and the examinations show that entrepreneurial orientation has an important role on increasing the efficiency of organizations in competitive environment and the conditions of the environment can modify the effects of organizational factors on entrepreneurial orientation. In this research, cultural,

economic and political factors as well as the values of the society are considered as environmental factors in which can modify the extent of organizational factors' influence on entrepreneurial orientation. In order to examine the effects of these factors, some other four sub-hypotheses were formulated as follow:

1st sub-hypothesis: cultural factors significantly modify the relationship between organizational factors and entrepreneurial orientation.

According to the findings of Hofstede (1997), the tendencies to risks which are related to societies are dependent to low uncertainty avoidance, low power gap and individualism. In this research, the components of national culture of Hofstede (power gap, low uncertainty avoidance, individualism) were considered as cultural variables of avoidance of low uncertainty. As the significance level is 0.000 (less than 0.05), H_0 is rejected. Therefore, there is a significance difference between the mean of cultural variables and tested value (3). As the upper and the lower limit are positive, the mean of cultural factors' variable is more than median and cultural factors as modifying variable can reinforce the effects of organizational factors on avoidance of low uncertainty. Hence, the above mentioned features are low in banks which can elaborate entrepreneurial orientation in the banks. Therefore, the bank managers are capable to deal with complex and dynamic environments and as a result have a higher orientation toward risk, competition in competitive environment and being different in supplying the higher quality and more appropriate price. All of these conditions demand some changes through innovation and using new techniques.

2nd sub-hypothesis: economic factors significantly modify the relation between organizational factors and entrepreneurial orientation of banking system.

Reviewing the literature showed that economic conditions are the pre-requisite for emergence of entrepreneurial orientation culture. In this research, the purpose is to determine whether the economic conditions can be considered as an amplifying factor for reinforcing the entrepreneurial orientation or whether it is considered as a diminishing factor. The result showed significance level of 0.000 (less than 0.05) which result in rejection of H_0 . Therefore, there is a significance difference between the mean of economic factors variables and the tested value (3). Since the upper and the lower limit are negative, the mean of economic factors variables are less than median and the economic conditions are not important for banking system. This means that there is no constancy in monetary and macro management system of Iran's banks and they are independent. Moreover, the business condition of Iran is not suitable at all.

3rd sub-hypothesis: political factors significantly modify the relation between organizational factors and entrepreneurial orientation.

For the growth of entrepreneurial development, a political system is composing of stable regulation, economic politics and competitive and freedom of choice environment is required. Moreover, the actions of the government are effective on entrepreneurial orientation. More specifically the extent of entrepreneurship development is directly dependent on society's regulations and rewarding policies of the government. Lazar and Hardin (1994) argue that interference of governments in organizations' affairs will lead to decrease of entrepreneurial orientation. As a result the focus on managers' attention will be on implementing the governments' policies and not the components of entrepreneurship. Similarly, some other activities such as cooperation, team working and so on will be directed toward consistency and constancy and not entrepreneurship.

The results of the research show that the significance level is 0.000 (less than 0.05), therefore H_0 is rejected and it can be inferred that there is a significance difference between the mean of political factors and the tested value (3). Since the upper and the lower limits are negative, the mean of political variables is less than the median. Therefore, the political conditions of Iran are not suitable for banking system of the country. This means that the regulations and the laws are not stable and there are plenty of repressive regulations for doing economic activities. The policies of government are not market-based which makes the conditions less competitive.

4th sub-hypothesis: the values of society very significantly modify the relation between organizational factors and entrepreneurial orientation of banking system.

Culture, customs and the values of the society are as important as the bed of innovation and development of entrepreneurship. In Quran, God invite people not only to thinking, criticism, reflection and wisdom, innovation and mental dynamism and development of sciences and discovering the unknowns but also to entrepreneurship and efficiency. The holy prophet (Mohammad) also put some emphasis on working and entrepreneurship as well. He recommended people to learn a new business, being time-conscious, learning knowledge and new skills, assiduity and innovation. Imam Ali (peace be upon Him) also tried his best to remove the obstacles of development and innovation in the society. He also enumerates some of the other barriers of innovation and emphasis on removing them for the society.

Regarding the significance level of 0.020 (less than 0.05), the H_0 is rejected. Therefore, there is a significance difference between the mean of society's values' variables and the tested value (3). Since the upper and the lower limits are negative, therefore the mean of society's values are less than the median and there is not suitable conditions for development of entrepreneurial orientation in the society. This means that the conditions of the society is not suitable for suggesting and implementing new ideas and investment and performing new businesses are not considered as a value in the society. Subsequently, the values of the society which are extracted from Holy Quran, the narratives of Holy Prophet and Imam Ali and are encouraging innovation, business and entrepreneurship are not implemented in the society.

3rd main hypothesis: entrepreneurial orientation has a good condition in banking system of Iran.

Lumpkin and Des (1996) have considered entrepreneurial orientation consisting of processes, structures and behaviors which can be explained as innovation, imitativeness and risk. The innovation component explains some efforts toward thought, innovation and technologic leadership in products and processes. Moreover, imitativeness, independence and risk imply to the actions of people or teams which have tendency to implement new ideas or businesses. Reviewing the researches show that entrepreneurial orientation has a great importance in increasing the effectiveness of organizations in competitive environment. One of the purposes of this research project was to examine the conditions of entrepreneurial orientation in Iran's banks toward determining the tendency of them to innovation, imitativeness and risk. With reference to significance level of 0.000 (less than 0.05), it can be concluded that H_0 is rejected. Therefore, there is a significance difference between the mean of entrepreneurial orientation and the tested value (3). Since the upper and the lower limits are positive, the mean of entrepreneurial orientation is greater than the median and the banks have a good condition in risk, innovation and imitativeness.

Discussions and Conclusions

As it was mentioned, in order to design the conceptual model, some reliable models were considered at the first stage and the model of Jaworski and Kohli (factors influencing the entrepreneurial orientation) and the components of Covin and Slevin as the dependent variables were considered in the research model. Moreover, the conditions of the country in economic, political and cultural components were regarded as modifying variables and with reference to the reviews which were done regarding the instruments and pre –test as well as the interview with the academic experts, the social values were added to the model due to their role in amplifying the entrepreneurial orientation. The variables of supreme management and “creating organizational unit” were omitted from the components of organizational systems of the model as well. In order to designing a model for entrepreneurial orientation, LISREL software was used for determining the causal relations and the significance of the relations as a whole and determining the path coefficient and the direct and indirect effects of each variable on its following one. Data analysis regarding each dimension, component and variable of the model shows that three main hypotheses and seven sub-hypotheses were supported by use of statistical tests in a way that there is significance relationship between independent variables (organizational factors), modifying (environmental factors) and dependent variables (entrepreneurial orientation). As the fitness indexes are higher than normal ones, the conceptual model has a good fitness; it means that the collected data show the relations of the conceptual model very appropriately. All of the factor loadings were meaningful at the confidence level of 99 percent.

This model can be considered as an aborigine model of entrepreneurial orientation for policymakers and senior managers of Iran’s banking system. It can also be considered as a framework for amplifying the innovation, imitativeness and risk of banks toward facilitating the conditions of effective development of entrepreneurship in banking system of Iran.

Managerial Suggestions

1- As it was mentioned there are some conflicts in banking system of Iran and the employees feel that their working goals are in contrast to the other organization units. Therefore, these conflicts are regarded as some obstacles for development of entrepreneurial orientation in banking system of Iran and to remove them, the employees should be encouraged to negotiate in working issues and share their ideas. The goals of each unit should be unified with the revenues of each unit and the general goals of each organization. The negotiation conditions should be facilitated to result in improved entrepreneurial activities of banks. On the other hand, using formal and informal mechanism for improving the communication level, trust, cooperation and harmony play an important role in increasing the entrepreneurial orientation of the banks.

2-Today by increasing the number of private banks, the extent of competition is increasing in banking system of Iran and the managers of different banks believe that rewarding system play an important role in improving the entrepreneurial orientation and satisfying the customers toward increasing the gain of market. Therefore, banks should adjust their rewarding system based on different market factors such as the number of new accounts, the number of customers, and the extent of customers’ satisfaction and so on.

3-The banks should substitute their informal and not concentrated structures with traditional structures to improve the entrepreneurial orientation to be able to answer the needs of the customers as soon and as good as possible. Therefore, it is suggested that in order to reinforce the entrepreneurial orientation of banks, we decrease the regulations and the obstacles of communication. By using organic and dynamism structures, experts and professionals will have more freedom and subsequently makes them more competent and increase their innovation. The above mentioned conditions are appropriate for increasing the entrepreneurial orientation of banks.

4-Islamic courses emphasis on dominant characteristic, humility, moral and spiritual behaviors, honesty and oneness in work and business environments and encourage entrepreneurial orientation such as innovation, imitativeness and risk. For example, Islamic courses also encouraged working, doing new businesses and investment. Moreover, success or defeat has been considered as mercy of God which should be learnt. These courses support the cooperation and the above mentioned activities as well. Although, Islamic courses very frequently have recommended cooperation and team working, but such a values were regarded less frequently by the society. In order to solve this problem, formulating and implementing the required tactics for spreading the Islamic values can be effective for improving new business and entrepreneurship. We can see the development and growth of banks and banking systems in the field of entrepreneurship by using Islamic courses.

5-It is suggested that banks be administered professionally and in a private mode and the senior managers be selected by the vote of stakeholders and general assembly. It is preferred that they don't be selected by vote of political managers. If it happens, the managers can increase their cooperation, innovation and decrease their centralization in the decision making and subsequently result in development of entrepreneurial orientation of banks.

6-Due to the importance of innovation and imitativeness in using the opportunities and dominating the challenges of the competitors, the extent of bank managers' risk should be accelerated to makes them able to answer the needs and requirements of different customer and use the environmental opportunities very appropriately. These managers are able to forecast the changes of the market and are very active in being innovative in offering the products and answering the needs of customers. Therefore, the managers of banks should be interested in accepting the risk of introducing new products, new technology, techniques and methods of producing the products and finding new markets to increase the entrepreneurial orientation. It should be mentioned here that bank managers will be interested in accepting the risk and by group working will encourage their employees to be innovative.

7-The interference of government in bank affairs should be decreased to let the bank managers to substitute the imperative policies with entrepreneurial orientation and implement team working, cooperation and coordination as the facilitating methods of research and development, offering new products and the components of entrepreneurial risk. In such a conditions, bank managers will consider entrepreneurial activities such as initiatives, innovation and risk in their organizational strategy.

8-The result of this research project showed that it is required that the central bank as the main authority and supervisor of Iran's banking system, considers the required strategies for encouraging all of the society's systems such as banks toward innovation. For reaching this goal, it is suggested that the government avoids unnecessary interruptions and let the banks to do their best in competitive and dynamism environment and subsequently as a result makes the entrepreneurship more strong and developed.

9-It is suggested that the bank managers encourage the information exchange between different branches through formal and informal tools. As a result, there will be a close cooperation between different branches and subsequently entrepreneurship will be developed. Increasing the number of private banks have changed the businesses in which demands the managers to re-evaluate their organizational structure model and the management mode to be able to increase their market share by amplifying the entrepreneurship.

10- It is suggested that in order to develop the entrepreneurship and the tendency to it, an entrepreneurship charter be formulated by central bank and the required infrastructures and conditions be prepared for implementing and supervising it. Entrepreneurship charter is a framework in which some of the features of entrepreneurship such as innovation, risk, recognizing new opportunities and resources provision will be done by following it. In these conditions, people will be responsible for being entrepreneurship and do their best toward satisfying the needs of customer besides following the goals and entrepreneurial strategies of banks.

Therefore, it is suggested that in the first stage, the necessity of accepting the entrepreneurial orientation and implementing it be formulated in the banks and then, Islamic values which are related to entrepreneurship be implemented and emphasized. Third, the charter should have different personal, group, organizational, social and global components. Fourth, some executive strategies should be considered for making the charter's substances practical by determining the responsibilities of banks' employees and managers. Fifth, executive guarantees such as encouraging ones should also be formulated as well.

11- In order to have a sound business environment and a competitive environment for entrepreneurial activities, the following issues should be considered:

- Decreasing the interference of government and public organizations in economic activities and decentralization and decreasing the bureaucratic in all affairs
- Keeping the central bank and banking system of Iran as an independent organization to have higher competence in implementing monetary policies such as determining the profit rate in accordance to competitive conditions

Reinforcing the role of professional policymaking councils such as:

- Avoiding the unnecessary interference of political and unprofessional centers in administrative affairs and policies of banks
- Using the most competent experts in different policymaking and macro executive levels of banking
- Avoidance of rapid and unconsidered policies and banking regulations
- Considering the required strategies for stabilizing the monetary and regulatory policies
- Avoidance of abrupt changes by authorities and decision makers for stabilizing the macro management of banking system

- Implementing market-based policies by government in the field of banking system
- Deregulations and omitting the unnecessary regulations of banking system
- Privatization in all aspects to make the conditions ready for participation of people in banking activities and offering the high quality services with logical prices to the customers in the shortest time.
- Preparing the conditions of entrepreneurial activities in different banks and facilitating these conditions by government

12- In accordance to the proposed model and with regard to the causal relations between the variables, it can be inferred that organizational factors influence the entrepreneurial orientation and environmental factors can either increase or decrease the extent of organizational factors' influences. In order to increase the level of entrepreneurial orientation in banking system, some prerequisites such as senior management support, effective communications, decentralization, formality and rewarding system as well as cultural, economic, political and social values are required.

As the above mentioned suggestions be implemented by banks, we will have entrepreneurial orientations and subsequently the banks would be more flexible, efficient, innovative and entrepreneur in a way that they will be more flexible in the case of changes and will not miss the opportunities and provide the customer new products, new working processes and new technologies as well as efficient organizational structure. In other words, a new revolution will happen in organizations in the field of entrepreneurship development. As a result, some challenges such as mal-management of resources and will be diminished in banking system of Iran.

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