Entrepreneurship’s Effectiveness Factors in Managers of Small and Medium Enterprises of Iran

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Abstract

The main focus of this research is investigation and recognition of variables and explanation of structural equation model of Entrepreneurship’s Effectiveness Factors in managers of small and medium enterprises of Iran that participate in entrepreneurship courses. The statistical sample is 214 of these employees which have been selected through the simple random sampling method. The data collection instruments were documents, interviews and especially questionnaire with reliability of 0.92 as no experimental survey research, the statistical tests were correlation and direct and indirect relationships among variables, and also interactional regression in format of path analysis with using SPSS and Lisrel software's. The results of research states that, generality of model is confirmed, and everyone of three variables related to effectiveness of entrepreneurship courses includes motives instigation, nurture of characteristics and skills training affected on effectiveness of entrepreneurship courses both direct, indirect and also interactionally.

Keywords: Small and Medium Enterprises, Effectiveness, Entrepreneurship

Introduction

Entrepreneurship is more than simply “starting a business.” The definition of entrepreneurship is a process through which individuals identify opportunities, allocate resources, and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. The concept of entrepreneurial behavior has become better known, and there is a need to develop entrepreneurial skills and abilities in order to deal with current challenges and the uncertain future in any organizational setting (Henry et al, 2003) [1]. In the current economic climate jobs are rarely “for life”, and traditional secure career paths have disappeared. The essence of entrepreneurship is the ability to envision and chart a course for a new business venture by combining information from the functional disciplines and from the external environment in the context of the extraordinary uncertainty and ambiguity which faces a new business venture. It manifests itself in creative strategies, innovative tactics, uncanny perception of trends and market mood changes, courageous leadership when the way forward is not obvious and so on.

As the extent of entrepreneurship increases, the need for education has never been greater and the opportunities have never been so abundant (Henry et al, 2003). An indication of the current interest is the growing number of courses and seminars offered by practitioners and universities, as well as the variety of academic literature and articles that have appeared (Kuratko, 2005). Organizational and societal changes have made educational institutions, including universities; reconsider their role as promoters of entrepreneurship and entrepreneurial ventures. This applies not only to new-venture management, business planning and growth, but also to a broader notion of entrepreneurial behavior in different organizational settings (Gouws, 2002). An increasing number of larger organizations in both private and public sectors are calling for alertness, opportunity recognition, creative problem solving, initiative-
Taking, handling uncertainty and many other related attributes. This offers a challenge to universities, course planners and teachers: to create practitioners who are capable not only of absorbing academic knowledge on entrepreneurship and management skills, but also of pursuing more of an entrepreneurial approach during their careers (Jack and Anderson, 1999). Despite the constantly increasing number of activities and courses in entrepreneurship education and training, surprisingly few researchers have, until recently, analyzed the crucial issue of whether or not entrepreneurship can be successfully taught, and if it can, how this is to be done (Henry et al, 2005).

There is a widespread belief that entrepreneurship education offers an efficient and cost-effective means of increasing the number and quality of entrepreneurs in the economy (Matlay, 2006). In addition, entrepreneurship education is seen to contribute to the development of other important skills appreciated by future employers, such as problem-solving, innovation and team skills (Heinonen, 2007). The importance of entrepreneurship education at different levels of the education system is widely acknowledged (Bosma, N. and Levie, J. 2010).

What are the factors that have most affected entrepreneurship education? It’s the essential question of this research and with regard to the importance of entrepreneurship education; the goal of this research is investigation and recognition of variables and explanation of structural equation model of effective factors on effectiveness of entrepreneurship courses in Ardabil Province of Iran.

Literature Review

Entrepreneurial education must include skill-building courses in negotiation, leadership, new product development, creative thinking and exposure to technological innovation (Vesper, K.H. and McMullan, W.E., 1988). Other areas identified as important for entrepreneurial education include awareness of entrepreneurial career options (Donckels, 1991); sources of venture capital (Zeithaml, C.P. and Rice, G.H., 1987); idea protection (Vesper, K.H. and McMullan, W.E., 1988); ambiguity tolerance (Ronstadt, 1987); the characteristics that define the entrepreneurial personality and the challenges associated with each stage of venture development (Scott, M.G. and Twomey, D.F. 1998, Plaschka, G.R. and Welsch, H.P. 1990).

The prior research on entrepreneurship education has highlighted the role of entrepreneurship education in affecting the students attitudes towards entrepreneurship, their motivation and intentions in engaging in new ventures (Fayolle, 2005, Pittaway and Cope, 2007, Athayde, 2009). A widely used framework to analyze the impact of entrepreneurship education is “Theory of planned behavior”, which focuses on individual entrepreneurial intentions, i.e. intentions to start-up an entrepreneurial venture (Krueger et al, 2000). Entrepreneurial intentions can only partially explain the actual start-up decision, as there is usually a significant time lag between initial intentions and actual behaviour. However, intentions have been widely used as a proxy for entrepreneurial learning outcomes. Recent results show that an education in entrepreneurship has a positive effect on the desirability and feasibility of starting a business (Peterman and Kennedy, 2003). However, entrepreneurship education can also have goals other than starting up a company. Previous research suggests that entrepreneurship education assessments need to be sensitive to these different goals set for entrepreneurship courses and programs (Henry et al, 2005, Hytti and O’Gorman, 2004). Indeed, the actual effects of entrepreneurship education are still not known, and there is a need for more rigorous research investigating the impact of entrepreneurship education on entrepreneurial outcomes (Matlay, 2008).

Considered purposes in entrepreneurship training specially designed in three areas including: motives instigation, characteristics training and skills training. Therefore, the conceptual model of this research as designed that can first, determining entrepreneurship didactic needs in above three domains, and secondly, ranking them based on their priority.
1- Motives instigation
One of the training purposes and entrepreneurship development is motives instigation in people who have entrepreneurship traits. Knowing this people from their ability and informing in this field and motivation them is the most important entrepreneurship training utility. motives instigation such as tends to obtaining wealth, gettable, independence, trends to making new something, doesn't have accept available methods, not placing people in social base that haven’t its merit and like it cause to people placing in become entrepreneur path.

2- Characteristics training
There are characteristics that lead people to become entrepreneur are not inherited but they are acquisitive. Training these characteristics is necessary to different people. Some people trains in environments that their characteristics training automatically, therefore if this people beginning a business, it will be often success, but most people have not this conditions and aren’t in this environments, so characteristics training is necessary for them through didactic terms or graduate course. These characteristics consist of items like creative thought training, raising risk ability, raising ambiguity tolerance, self confidence, punctual, and giving didactic information to individual characteristics from control centre.

3- Skills training
These trainings divide into three terms: before, during and after enterprise establishment. In terms, before establishment of enterprise the entrepreneur, learn how the business starts and how perform teamwork and communication skills. During establishment of enterprise, entrepreneur should acquiring necessary awareness and converansance in field of financial issues, market recognition, management principles, insurance, economy, law affairs, and after establishment of enterprise, entrepreneur requiring skills are: ability of development management and company growth, finding new methods, competition and keeping location in market and finding new market.

Hypothesis
All of the above dimensions performing for making motivation between people and training new entrepreneurs. Informing, entrepreneur's guidance and encouragement towards acquiring necessary skills and presenting essential trains for obtaining needed skills to entrepreneurs and its necessary for success. With regard to above three dimensions, the main research hypothesis presented:
H1: Motives instigation, characteristics training and skills training are in instrument of measurement and explanation the invisible variable, effectiveness of entrepreneurship courses in Ardabil province of Iran.

Methodology
This study will involve a standard questionnaire-based survey of participants from Iranian entrepreneurs, in order to examine the effective factors on effectiveness of entrepreneurship didactic terms. Samples were selected from entrepreneurs of Iran. A questionnaire-based survey was conducted. Questionnaires were distributed among 214 entrepreneurs. That is, data collected from entrepreneurs and all data collection sequences for the survey personnel and data for analyses are summarized in Table 1. Entrepreneurs were surveyed as responding. The majority of studies used the alpha level of 0.05. Entrepreneurs were surveyed because they played key roles.
A multiple-item method was used to construct the questionnaires. Each item was based on a five point Liquored scale, from "very low" to "very high." Liquored scales as generally used tend to underestimate the extreme positions. Respondents are reluctant to express an extreme position even if they have it. They tend to please the interviewer, appear helpful, or respond in a way they perceive to be socially acceptable. Research constructs were operationally on the basis of related studies. Most of the research constructs have already been validated and used for other studies on entrepreneurs. Therefore, the items of the
questionnaire have been validated. The other testes of study are Cronbach α for reliability, T-value test, structural equation modeling (SEM), and focuses on important indexes of Lisrel software similar to Root Mean Square Error of Approximation (RMSEA), Goodness of Fit Index (GFI) as appropriate indexes in statistical analyses.

Data Analyze

1- Descriptive Data

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<td>214</td>
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<th>Associat e</th>
<th>Bachelor</th>
<th>MS &amp; PhD</th>
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<td>Percent</td>
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</tr>
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<th>[5-10)</th>
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<th>[20-25)</th>
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<td>4</td>
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<td>2</td>
<td>214</td>
</tr>
<tr>
<td>Percent</td>
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<td>2</td>
<td>3</td>
<td>1</td>
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<td>100%</td>
</tr>
</tbody>
</table>

Table 1 - Descriptive Data from Sample of Population

According to descriptive data 77% entrepreneurs (respondents) have from 20 to 30 years old and 56% are women.

2- Results of testes

The statistics for reliability testes are shown in table 2 as follows:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number of Items</th>
<th>Reliability (Cronbach α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors affecting on effectiveness</td>
<td>30</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Table 2 - reliability testes of Measures (by Cronbach α)

For other testes, Lisre l8.50 software is used. The advantage of this software is measuring the direct and indirect effects on depend variable. Therefore, this software is better than other statistical software's that only compute the direct effects on the dependent variable. In the following figure output of tests are presented:
The T-Value showed there is direct relation between 3 effective factors and effectiveness of courses. The goodness of fit index (GFI) was 0.98 (GFI=0.98>0.90), then the validity of models has confirmed. The Root Mean Square Error of Approximation (RMSEA) =0.012<0.05, then the model have the best-fitting with data of real world.

Figure 2 - Standard estimates test of path diagram

Figure 3 – None standard estimates test of path diagram
3- Structural Equation

The effective factors on effectiveness of didactic terms shown in below table:

<table>
<thead>
<tr>
<th>Heading in equation</th>
<th>Heading in diagram</th>
<th>Independent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>Feature</td>
<td>motives instigation</td>
</tr>
<tr>
<td>X2</td>
<td>Instiga</td>
<td>Characteristics training</td>
</tr>
<tr>
<td>X3</td>
<td>Skill</td>
<td>skills training</td>
</tr>
</tbody>
</table>

Table 3 – Effectiveness Factors

Considering the indirect effects of 3 factors on effectiveness of entrepreneurship courses and compute of that is the highlight innovation of this study. That is, effectiveness as a dependent variable has characteristics of latent variable. Therefore, structural equation of effectiveness is equal to direct and indirect effects of 3 factors (effectiveness = direct effects + indirect effects). The equation of direct and indirect effects will be shown as follows:

Effectiveness = direct effects + indirect effects

The structural equation model, according to estimate coefficients with regard to direct relation of diagram is:

\[ ET = (0.79 \times 1 + 0.68 \times 2 + 0.81 \times 3). \]

The structural equation model, according to standard coefficients with regard to direct relation of diagram is:

\[ ET = (0.89 \times 1 + 0.85 \times 2 + 0.77 \times 3). \]

Conclusion

Developing new learning experiments and experimenting with different methods is at the core of entrepreneurship education. The purpose of this research was determining and specifying structural equation model of Entrepreneurship’s Effectiveness Factors in small and medium enterprises of Iran that participate in entrepreneurship courses. This study fills a gap in entrepreneurship education research by analyzing a sample of education institutions in Iran through information about entrepreneurship courses. The results of the study indicate that variable of motives instigation affected on effectiveness of entrepreneurship courses more than others, based on direct relationship coefficients of Structural Equation Model.

The development of new innovative course designs and pedagogical methods in entrepreneurship education has been blooming. However, there has been a lack of development in the field of innovative assessment practices as well as course and term evaluation practices that are contextualised in the course content and design. The courses are always run in a context of a certain culture and environment. The national, regional or even school-specific culture may have an impact on the effectiveness of entrepreneurship education and the participants’ motivation to study entrepreneurship. It has also been advocated that we need to know more about what entrepreneurship or enterprise education actually is?, when implemented in practice and that we need to view entrepreneurship education systematically by identifying contextual factors, inputs into the system, educational processes.

**Appropriation**
- Structural Equation Modeling (SEM)
- Root Mean Square Error Of Approximation (RMSEA)
- Goodness Of Fit Index (GFI)
Small and Medium Enterprises (SMEs)

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References


