

INVESTIGATING THE RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION AND ORIENTATION TO THE MARKET WITH BUSINESS PERFORMANCE BY EMPHASIZING ON THE MEDIATOR ROLE OF INNOVATION

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ABSTRACT

The aim of this study is to investigate the orientation to Entrepreneurship and orientation to market with operation of business by emphasizing on the mediator role of innovation. The present study is descriptive survey research and it is practical in terms of purpose. Statistical population is all employees and managers of Companies in Industrial towns of Sanandaj that are 163 people, that 121 people were selected by simple random sampling. The entrepreneurship questionnaire (Boss *et al.*, 2008), the questionnaire of orientation to market (Taylor *et al.*, 2008), and innovation questionnaire (Ramos *et al.*, 2012) were used to gather information. In order to determine the validity of the views of management professionals and to determine the reliability of the test, Cronbach's alpha coefficient (0.81, 0.86, 0.80, and 0.83) was used, Kolmogorov-Smirnov test, Pearson correlation coefficient were used for statistical data analysis methods, descriptive and inferential statistics. The results showed that there is a significant relationship between the entrepreneurial orientation with an orientation to the market (0.776), market orientation and innovation (0.490) market orientation and innovation (0.564), and innovation with business performance (0.561).

Keywords: Orientation to Entrepreneurship, Orientation to Market, Innovation, Performance of Business

INTRODUCTION

In recent decades, changes in environmental conditions, increasing competition and uncertainty have caused little change in large organizations and structures of their own, are unable to small companies that of flexibility, the speed and innovation have more compete. Community organizations that encourage entrepreneurship and help flourish their talents, considerable importance is attached. Today, organizations are increasingly placed in situations that tend to entrepreneurial activity is essential for them (Sheppard *et al.*, 2008).

Entrepreneurial spirit and engine of economic growth in addition to the individual level, the organizational level must be increased (Hasim *et al.*, 2011).

Since the early 1980s, entrepreneurial and dynamic approach to entrepreneurship in the global economy as a factor affecting the output of small, medium and large regarded (Lin *et al.*, 2004). In fact, entrepreneurship is not limited only to the activities of sovereign risk, but also including entrepreneurial organization and the organizational settings (Hosseingholi *et al.*, 2012).

In the last thirty years in order to overcome the challenges in the external environment, companies are seeking sustainable competitive advantage, focused on entrepreneurship as a strategic orientation (Taheri, 2010). Has helped to survival and growth and development of small companies become large companies (Abbaszadeh, 2014). Entrepreneurship is a very important issue that many developed countries and developing and have paid attention to it.

In the meantime, one of the main branches of entrepreneurship, entrepreneurial organization that is undoubtedly a significant contribution to the success and excellence in organizations. Changes in products and market mechanisms are often in a way that organizations fail to take advantage of opportunities that do not follow other organizations and sometimes even they are not aware of (Armbruster, 2008). In this context, innovation plays a fundamental role. Entrepreneurial orientation is a series of activities that

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exploit the competitive advantages possible innovation in an organization and approach in institutionalizing innovation in organizations. In fact, corporate entrepreneurship is considered as a window into benefits sustainable competitive advantage, innovation and leadership for organizations (Imanipour and Zivdar, 2008).

In addition Entrepreneurship of two other major issues on the company's performance and ultimately impact business performance, he noted the company's market orientation and innovation in products and services provided to customers (Lu *et al.*, 2010). This shows that a winning formula, a high innovation with extensive marketing. Innovation not only in the creation of new and better products, but also the development of better systems and new business concepts (Lee *et al.*, 2009). Marketers have a vital role in innovation, estimation and identification of potential or their properties and new product launch programs. In addition to this orientation as a marketing concept that is the focus of the present age of the customer is now overtaking because of the demand and increase in competition between producers is selective. And lack of attention to the customer is the path to destruction for business Hrksb (Pakdel *et al.*, 2011). The orientation is a prerequisite for successful operation of a business.

So companies can focus on market orientation and innovation by providing superior value to consumers, and thereby improve customer loyalty which enables companies to achieve a competitive advantage compared with other companies, and accordingly gain better performance than its competitors. Therefore, the main issue of the present study is to investigate whether there is a relationship between the extent of tendency to entrepreneurship and tendency to market with the performance of market?

MATERIALS AND METHODS

Research Method

Methodology description of the survey and the target application Statistical population of all employees and managers of the Industrial town of Sanandaj in a total of 163 people are using the Cochran and using simple random sampling 121 students were selected as samples. In order to collect the data, entrepreneurship tends to be the standard questionnaire of five options Bos *et al.*, (2013) and for orientation to the market of the 7 questions questionnaire Taylor *et al.* (2008) and Innovation of the questionnaire 5 options Ramos *et al.*, (2012).

And to measure the business performance of the questionnaire 5 Vlang option Ling and Lu (2012) was used. Statistical methods for data analysis, descriptive statistics and inferential statistics Kolmogorov-Smirnov test, Pearson correlation coefficient was used and spss 21 software.

RESULTS AND DISCUSSION

Findings

According to the descriptive indicators, 93.39% of the sample was male and 6.61 percent of women had formed. In the meantime, more than 49 percent of people aged between 36 and 45 years and about 50 percent had a bachelor's degree. Also, in terms of work experience, 60% of the subjects had a history of serving over 5 to 10 years. To investigate the correlation between entrepreneurial orientation and business performance of companies based in the industrial town of Sanandaj, Pearson's correlation coefficient was used. As it can be seen in the table at the level of 99%, there is a positive correlation between entrepreneurship orientation and orientation to market-based companies in the industrial towns of Sanandaj, and the correlation coefficient is equal to 0.766.

Table 1: Correlation between entrepreneurial orientation and orientation to the market in the Companies in industrial towns companies of Sanandaj

Entrepreneurial orientation		
Market orientation	R	0.766
	SIG	0.000
	N	121

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The second hypothesis of the study is to investigate the relationship between entrepreneurial orientation and innovation-based companies in the industrial towns of Sanandaj. The results in Table 2 show that at the 99 percent confidence level, there is a significant relationship between entrepreneurial orientation and innovation-based companies in the industrial towns of Sanandaj, and the coefficient is equal to 0.490.

Table 2: The correlation between entrepreneurial orientation and innovation

Entrepreneurial orientation	Innovation
R	0.490
SIG	0.000
N	121

It also examines the relationship between market orientation and innovation of companies in the industrial towns of Sanandaj city using Pearson's correlation coefficient. Table 3, Results showed that at 99 percent confidence level, there is a significant relationship between market orientation and innovation of companies in the industrial towns of Sanandaj, and a coefficient equal to 0.564.

Table 3: The correlation between market orientation and innovation

Trends in the market.	Innovation
R	0.564
SIG	0.000
N	121

At the end, the fourth hypothesis studied the relationship between the innovation of staff and business performance of companies in the industrial town of Sanandaj. As it is shown in Table 4, at the 99 percent confidence level, there is a significant relationship between the innovation of staff and business performance of companies in the industrial town of Sanandaj, and the coefficient is equal to 0.561.

Table 4: The correlation between the innovation of staff and business performance

Innovation	Business Performance
R	0.561
SIG	0.000
N	121

DISCUSSION AND CONCLUSION

The first hypothesis of the study was that there is a significant relationship between the entrepreneurial orientation and orientation to market in companies in the industrial towns of Sanandaj. The results of this study were consistent with research Madhoshi and colleagues (2012), Hussein (2007) and Subramanian (2010). In explaining the results, it can be said that entrepreneurial orientation is a series of activities that exploit the competitive advantages possible innovation in an organization and approach in institutionalizing innovation in organizations.

The orientation is a prerequisite for successful operation of a business

So companies can focus on market orientation and innovation by providing superior value to consumers, and thereby improve customer loyalty which enables companies to achieve a competitive advantage compared with other companies, and accordingly gain better performance than competitors. So in this regard, industrial companies have business environment for opportunistic give shape and structure. The second hypothesis results showed that there is a significant relationship between the tendency to entrepreneurship and innovation of companies in the industrial towns of Sanandaj, that is, the higher the entrepreneurial orientation of innovation of companies in the industrial towns of Sanandaj will rise and

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vice versa. The results of this study in the chosen field of study were consistent with Pakdel *et al.*, (2011), Taheri (2010) and Michels and Gu (2008). The results obtained in this way can be concluded that environmental organizations that are stakeholders in the market and strengthen the entrepreneurial orientation which the product innovation, risk-taking and initiative to develop which play a major role in achieving an organization's strategic position in the competitive environment. If a company constantly introduces innovations in its products, risk taking, and also actively conduct self-expression; the company is the entrepreneurial orientation entrepreneurial orientation of the organization, organizational performance, and competitive advantage and ultimately improves its profitability. The senior managers invest in projects with high risk.

The third hypothesis results showed that there is a significant relationship between the tendency to market and innovation-based companies in the industrial towns of Sanandaj. The higher the level of market innovation tends to rise and vice versa. The results of this part of the study along with research and MylnbrgVrhyz (2004), Michels and Gu (2008) and Subramanian (2010) in their study have concluded that greater innovation and market-oriented companies achieve superior performance. Oriented companies with assessing the needs and wants of customers, its understanding of them may increase and new goods and services to fit the market and offer customers. Oriented culture will lead to clarity of purpose and vision. This in turn is a source of pride for belonging to the organization and staff morale Balatrarkarnan and organizational commitment to bring them feel that if a company has a large market orientation, sales forces, customer-oriented will reduce work stress and job satisfaction and their organizational commitment to increase and better performance in terms of innovation. The company must fully understand the strengths and weaknesses of short-term, long-term capabilities and strategies of competitors; and the relationship between the use of company resources with the aim of value for the customer should pay more attention. It is also to enhance the performance of the market; the company should have paid more attention to customer retention to improve their market performance. Singh Vranchood believes that customer retention is a major impact on corporate profitability. Keep two to five per cent of customers, profitability can improve significantly. As you can reduce costs by up to ten percent. It stresses the fact that companies should do more researches in their relationships with the customers.

The fourth hypothesis results showed that there is a significant relationship between workers innovation and business performance of companies based in the industrial town of Sanandaj, Lee *et al.*, (2009) Taheri (2007), Pakdel and colleagues (2011), organizations that have the capacity to innovate faster and better than non-innovative organizations will be able to respond to environmental challenges, which in turn increase organizational performance. Therefore, understanding how to manage it certainly is important. Innovation is often associated with a change and that change leads to something new as you can see, but according to Martin and Trblanch (2003), any change is innovation. It may or may not include new ideas to organizational improvement. In general, it can be said that innovation new changes, productive and successful in the market that improve the performance of the organization to follow. Companies of innovation as a tool for organizational adaptation deal with intense competitive pressures and customer demands change their name.

Innovation by companies to respond effectively to the demands of the environment and thus to maintain and improve the performance of the company should achieve optimization (tactical investment on existing business) and innovation (strategic investment on new business) because the organizations that have the capacity to innovate faster and better than non-innovative organizations will be able to respond to environmental challenges, which in turn increases the performance of the organization. Therefore, it is proposed to change the organizational structure in order to create innovation within companies to be addressed as a basic principle in order to improve performance.

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