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# Development of Entrepreneurship in Complementary and Processing Industries in Khuzestan Province, Iran

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## Abstract

The main purpose of this study was to identify and analyze factors affecting development of entrepreneurship in complementary and processing industries of citrus products at Khuzestan province, Iran. The Statistical population of this study consisted of all managers in processing and complementary industries of citrus products in Khuzestan province (N=89). By census method all managers were selected for participation in the study. Return rate was 84% (N=75). The main instrument in this study was questionnaire which its validity was confirmed by a panel of experts and its reliability was established by calculating Cronbach Alpha Coefficient ( $\alpha=0.87$ ). Findings reveal that there were positive and significant relationship between willingness to creativity, risk oriented, responsibility, competitiveness, participation on education programs, attitude to entrepreneurship, income level, educational level and level of entrepreneurship. According to factor analysis, factors affecting development of entrepreneurship in complementary and processing industries were categorized into four groups consisting: development of cognitive and psychomotor domains, development of infrastructure equipments, improving economic policies and development of psychological characteristics that those factors explained 68.82% of the total variance of the research variables.

## Keywords:

*Entrepreneurship, Complementary and processing industries, Citrus products*

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## INTRODUCTION

Entrepreneurship plays vital role in social and economical development of different societies. From the economic viewpoint, entrepreneurship referred to the production factors that assists the economic growth through discovering and creating new opportunities and from social viewpoint, contributes the improvement of social situations through increasing job or employment chances and social participation (Mohapatra *et al.*, 2007). In general, entrepreneurship is a powerful tool for identifying opportunities, acquiring benefits, and removing such problems as unemployment, the lack of dynamic human resources, low efficiency, quality reduction of products and services, and economic stagnancy (Maclin and Richard, 2004). Economists look at the entrepreneurship from the prospective of profitability, investment, risk, and insight supporting the economical development but it seems that, in modern societies, entrepreneurship's function is beyond the economical bounds (Hekmat, 2011).

According to Schumpeter (2012), an entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship employs what Schumpeter called "the gale of creative destruction" to replace in whole or in part inferior innovations across markets and industries, simultaneously creating new products including new business models. In this way, creative destruction is largely responsible for the dynamism of industries and long-run economic growth. The supposition that entrepreneurship leads to economic growth is an interpretation of the residual in endogenous growth theory and as such is hotly debated in academic economics.

According to Abu-Saifan (2012) Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced.

In general an entrepreneur can benefit from the process of creating your own business several advantages, including (Burdus, 2010):

- Independence and opportunity to achieve the desired objectives, it offers the advantage of not depending on others to implement its wishes;
- Chance to notice a difference in a field they are interested in combining the wishes their so-

cial insurance with a win for a better life;

- Opportunity to use its full potential for entrepreneurs because there is much difference between the work of business and recreations, making them find their place of business to obtain satisfaction;
- Opportunities to earn substantial profits, although the reason to start a business, an entrepreneur may not be primarily profit;
- Recognition efforts and contribution to the achievement of social objectives, entrepreneurs become very respected person in the community in which it operates;
- Opportunity to do what you love, because most entrepreneurs develop business in areas where they want to work and they get special-satisfaction.

Drucker (2006) believed an entrepreneur is the one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or different service

Based on the another researchers there is relationship between social factors and development of entrepreneurial (Dodd and Gotsis, 2007; Pages and Markley, 2004).

Also the findings of Mirzaee (2002) and Volery and Muller (2006) showed that allocating the necessary budgets and securing the cost of practical training would have affect on the entrepreneurial development.

## Objectives of research:

- 1- Identifying manager's psychological characteristics.
- 2- Identifying entrepreneurship development items.
- 3- Identifying affecting factors on development of entrepreneurship in processing and complementary industries of citrus products.
- 4- Analyzing the correlation between level of entrepreneurship and other variables.

## MATERIALS AND METHODS

The method of research was correlative descriptive. The statistical population of this study consisted of all managers in processing and complementary industries of citrus products in Khuzestan province (N=89). By census method

Table 1: Managers psychological characteristics items.

Subjects	Items	Mean	SD
Willingness to creativity	3	3.34	0.87
Risk oriented	3	2.53	0.89
Responsibility	3	3.31	1.01
Competitiveness	3	3.96	0.93

1: very low, 2: low, 3: moderate, 4: high, 5: very high

all of managers were selected for participation in the study. Return rate was 84% (N=75).

To ensure its content and face validity, the research instrument was reviewed several times by the research group and then implemented in a pilot test to measure its reliability. Questionnaire reliability was estimated by calculating Cronbach's alpha. Reliability of the overall instrument was estimated at 0.87. Data collected were analyzed by using the Statistical Package for the Social Sciences (SPSS). The data were collected between January and April and July 2013. Questions were generated from the literature review. The instrument consisted of two separate sections according to the purpose and objectives of the study. The first section was designed to gather data on personal characteristics of managers. The second section was designed to gather data regarding the factors affecting development of entrepreneurship in processing and complementary industries of citrus products. Managers were asked to rate their viewpoints on a five point Likert - type

scale: 1 = very low, 2 = low, 3 = medium, 4 = much and 5 = very much. In order to analyze data, descriptive statistic (mean and standard deviation) and inferential methods (Factor Analysis test used).

## RESULTS AND DISCUSSION

### Demographic characteristics

The ages of the respondents ranged from 20 to 63. The mean age was 42 (N =75). The majority (31.3%, n=25) of respondent were 31-40 years old. The years of experience of respondents ranged from 3 to 30. Only 10.7% of managers had a lower the diploma degree (n = 8). 46.7% of respondents (n = 35) had diploma degree and 42.3% had higher the diploma degree.

### Managers' psychological characteristics

The 12 psychological characteristics items in four categories for analyzing psychological behavior of managers were analyzed. The results explained in table 1.

Table 2: Rankings of entrepreneurship development items.

Items	SD	Mean	CV	rank
Development of educational programs	0.902	4.61	0.196	1
Development Credit facilities to entrepreneurs firms	0.89	4.46	0.200	2
Control of price fluctuations	0.889	4.43	0.201	3
Marketing management	0.885	4.39	0.202	4
Human development	0.879	4.33	0.203	5
Remove intermediaries	0.88	4.32	0.204	6
Improving the exports	0.868	4.23	0.205	7
Development of managerial skills	0.858	3.31	0.259	8
Facilitate the achievement of the required equipment	0.84	3.09	0.272	9
Development of technical skills	0.864	3.16	0.273	10
Reduction of cost	0.919	3.03	0.303	11
Proper pricing of products	0.995	3.02	0.329	12
Improving psychological characteristics	0.901	2.58	0.349	13
Specialized workshops and scientific conferences	0.939	2.48	0.379	14
Creating a culture of entrepreneurial skills	0.936	2.31	0.405	15
Improving attitude to entrepreneurship	0.929	2.25	0.413	16

Table 3: Extracted factors, with their eigenvalue, its variance percent and cumulative percent of variance Eigen value.

Factors	Eigenvalue	Variance	Cumulative percent of variance
First	4.567	24.567	24.567
Second	3.890	44.053	19.486
Third	2.980	58.04	13.987
Fourth	1.97	68.829	10.789

### Rankings of entrepreneurship development items by the managers

The sixteen entrepreneurship development items have been listed according to their rankings (Table 2). Based on the results most important items were:

- 1- Development of educational programs regarding entrepreneurship ( $M= 4.61$ ,  $SD= 0.902$ )
- 2- Development Credit facilities to entrepreneurs firms ( $M= 4.46$ ,  $SD= 0.890$ )
- 3- Control of price fluctuations ( $M= 4.43$ ,  $SD= 0.889$ )
- 4- Marketing management ( $M= 4.39$ ,  $SD= 0.885$ )

### Factor analysis of items affecting entrepreneurship development

To categorize factors affecting development of entrepreneurship in processing and complementary industries of citrus products, and to determine the variance explained by each factor, an

exploratory factor analysis approach was followed. Data revealed that internal coherence of the data was appropriate ( $KMO = 0.87$ ), while and the Bartlett's statistic was significant at the 0.01 level. According to Kaiser Criteria, there were four factors that their extracted Eigenvalues were greater than one. Later, the items were categorized into four factors by using VARI-MAX Rotation Method (Table 3). It is worth noting that after Varimax rotation and due to low factor loading (less than 0.5) of some variables therefore insignificance of their correlation with other variables, one variable were omitted from analysis and finally 15 variables were analyzed. Table 4 has summarized the findings.

### The correlation between level of entrepreneurship and other variables

To determine the possible relationship between level of entrepreneurship and other variables Spearman correlation coefficient approach

Table 4: Affecting factors on development of entrepreneurship in processing and complementary industries of citrus products.

Items	Factor Loading
Development of Cognitive and psychomotor domains	Development of educational programs 0.78
	Development of technical skills 0.75
	Development of managerial skills 0.89
	Specialized workshops and scientific conferences 0.81
Development of Infrastructure equipments	Facilitate the achievement of the required equipment 0.69
	Improving the exports 0.72
	Development Credit facilities to entrepreneurs firms 0.67
Improving Economic policies	Control of price fluctuations 0.77
	Remove intermediaries 0.73
	Reduction of cost 0.65
	Proper pricing of products 0.66
Development of psychological characteristics	Improving psychological characteristics 0.63
	Creating a culture of entrepreneurial skills 0.76
	Improving attitude to entrepreneurship 0.81
	Marketing and risk management 0.58

Table 5: Relationship between level of entrepreneurship and other variables.

Variable (1)	Variable (2)	r	p-value
Age	Entrepreneurship	0.015	0.762
Income	level	0.345**	0.000
Willingness to creativity		0.473**	0.000
Risk oriented		0.422**	0.000
Responsibility		0.297**	0.000
Competitiveness		0.480**	0.000
Education programs		0.312**	0.000
Attitude		0.343**	0.000
Level of education		0.356**	0.000

\*\* P < 0.01

was utilized (Table 5). Based on the results the correlation between level of entrepreneurship with willingness to creativity, risk oriented, responsibility, competitiveness, participation on education programs, attitude to entrepreneurship, income level and educational level at 0.01 level was significant.

## CONCLUSION

It's the people in an organization that carry out many important work activities. Managers and human resources professionals have the important job of organizing people so that they can effectively perform these activities. This requires viewing people as human assets, not costs to the organization. Entrepreneurship in any organization is one of the most effective tools for increasing the productivity of staff both at individual and group levels toward realizing the organizational goals. Based on the results most important items that important for development of entrepreneurship were: development of educational programs regarding entrepreneurship ( $M= 4.61$ ,  $SD= 0.902$ ), development Credit facilities to entrepreneurs firms ( $M= 4.46$ ,  $SD= 0.890$ ), control of price fluctuations ( $M= 4.43$ ,  $SD= 0.889$ ), marketing management ( $M= 4.39$ ,  $SD= 0.885$ ). In other researches entitled role of education programs on entrepreneurship, there is a meaningful relationship between entrepreneurial education and the tendency to entrepreneurship (Solomon *et al.*, 2002; Kuratko and Hodgetts, 2004).

According to correlation study, correlation between level of entrepreneurship with willingness to creativity, risk oriented, responsibility, competitiveness, participation on education pro-

grams, attitude to entrepreneurship, income level and educational level at 0.01 level was significant. Based on other researches such as Rauch and Frese (2000), this result was convinced.

To categorize factors affecting development of entrepreneurship in processing and complementary industries of citrus products, and to determine the variance explained by each factor, an exploratory factor analysis approach was followed. Data revealed that internal coherence of the data was appropriate ( $KMO = 0.87$ ), while the Bartlett's statistic was significant at the 0.01 level. According to Kaiser Criteria, there were four factors that their extracted Eigenvalues were greater than one. These factors include: development of cognitive and psychomotor domains, development of infrastructure equipments, improving economic policies and development of psychological characteristics.

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