

# The study of the entrepreneurial spirit of home business cooperative among the members in Hamedan Province

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## Abstract

The main purpose of this paper was to study the entrepreneurial spirit of cooperative home business' members in Hamedan province. There are 110 cooperatives engaged in home business in this province that according to stratified proportional random sampling, 70 persons (managers and members of cooperative) were selected for the study. The study was carried out through a survey method and by using a questionnaire with validity as the main tool for investigating. In order to describe and analyze the data and perform appropriate statistical tests, the statistical software SPSS was used. The findings indicated that the cooperative home business members have some entrepreneurial characteristics like risk taking, flexibility, trust on others and interesting to economic welfare. Also, the results showed that there is a significant relationship between age and gender and entrepreneurial spirit of cooperative home business' members.

**Keywords:** cooperative, home businesses, entrepreneurial spirit, entrepreneurship

## Introduction

Collecting the document of employment development and reducing unemployment including the administrative actions of country's development programs which is very important. Accordingly, planning authorities are looking for to decrease the unemployment rate by the end of the fifth development plan to about 8/4 percent and also raise the labor productivity the 5/3 percent in year (Man-

agement and Planning Organization, 2010). According to the performed emphasis in document of forth program, the vision document and Article 44 of the cooperative sector has an important place in the economy of country with ability to create new jobs, but issue is that only by emphasizing on cooperative, job is not created and policies and strategies should be taken into consideration to encourage entrepreneurs and investors to invest and contribute until the development and employment of cooperatives are considered to be within the framework of national development plans. Entrepreneurs during their career, from the beginning of the work face to numerous problems. From the shortage of qualified and skilled manpower, lack of social trust and job security, lack of capital and failure to achieve the low-cost market to the plight of loans and facilities, advertising restrictions and malice and jealousy and ... So, every day, in flow and atmosphere of labor market, especially in some areas of the economy and job occur changes and fluctuations in the price and quantity of available resources. Therefore, the entrepreneur for his action and act and even react, needs to take strategies for its risk management in these bustle days. (Sharif-Zadeh, 2004). Entrepreneurship is the dynamic engine of economic development in developed countries and those which are developing. Three main reasons of countries for considering the entrepreneurship, refers to wealth generation, technology development and generative employment (Ahmadian Rod, 2007). But unfortunately in our country the word entrepreneurship is considered more as a means of creating employment and job while entrepreneurs has valuable and broader concept than creating employment. en-

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trepreneurs has another important positive consequences as fertile creativity, encourages innovation and its development, increases self-confidence, creation and development of technology, wealth generation in society and increase the public welfare and if only the employment creation aspect is taken into consideration, its other consequences will not be meted (Rabie, 2008).

The term entrepreneurship is derived from the French word (*Entreprendre*), means “pledge” and for the first time is used for people who in sixteenth century war in military missions went to meet death. Later the term was applied to those who accept the risk of an economic activity and create an innovation (Rabie, 2008). The term (entrepreneurship) has several meanings, including corporate entrepreneurship, commercial establishments, economic risk seeking and etc and the word (entrepreneur) is given in the meaning of entrepreneur, economical chief, taker of economic risk and so on (Sabet Fard, 2004). The entrepreneur is the process of presenting new ideas, utilize the available facilities and opportunities by relying on the related knowledge, career and work and acceptance of risk that puts the various factors together in order to make the exploitation of resources and their activation toward productivity and protecting the national interests possible and create efficient and innovative institutes that cause which lead to holistic development (Behzadiyan Nejad, 2004).

Three main reasons for considering entrepreneurship refer to the wealth generation, technology development and productive employment (Casson, 2004) and at the center of international competition, entrepreneurial companies which their competitive edge, are focused on organizational flexibility and strategy of continual change in processes, products and designs (Douglas, 2003). In entrepreneurship researches we face to three basic approaches which deal with psychological approaches and investigation of individual characteristics associated with entrepreneurship, social approaches and the role and interactions of entrepreneurs in society and finally, the economic approaches that study the economic impact of entrepreneurship in society (HezarJaribi, 2004). Therefore, the present study in the form of the first approach can be studied. Benefiting communities from the spirit of entrepreneurship is taken into account as the economic development principle. In fact, the science and world of management take identity from the concept of entrepreneurship spirit. Entrepreneurial element through minimal

capital and savings and new methods to leading and optimal combination of production factors, maximize the efficiency and effectiveness of economic enterprise (Alipour, 2001).

Entrepreneurial spirit: the process of taking advantage of opportunities and creating business which is the outcome of much effort, accepting financial, social, psychological risks and innovation and starts with motivation of financial gain, independence or for emergency (Saeedi Kia, 2005). The role of knowledge particularly learning and try to find new knowledge are key elements of understanding the creation of entrepreneurial businesses. The key objective of successful businesses refers to creating new knowledge to build and sustain a competitive advantage (Zabihi and Moghadasi, 2006). The unique skills and knowledge are required to create a new business, and human capital plays the most important role. Based on common standards, education, training and work experience, whether these cases are the most important type of knowledge and skills that an entrepreneur should pay for them and whether these organizations want a different set of skills to develop their own entrepreneurial business (Salazar, 2001).

Researches show that the most important effective factor in entrepreneurship movement and bringing it from potentiality to actuality is the occurrence of entrepreneurial mentality in individuals through training (karad, 2007). Training the entrepreneurial mentality in non- entrepreneurs individuals has great importance. Hence, educational activities to train entrepreneurs are located on the agenda of many of entrepreneurship education centers, because entrepreneurship education is necessary for its development (Zabihi&Moghadasi, 2006). The most important efficient factor in entrepreneurship activity and bringing it from potentiality to actuality refer to the detection of entrepreneurial mentality in individuals through training (Ahmadiyan Rad, 2007). As regards the home business cooperatives are the latest jobs in economic area, hence, encounter to several problems in the beginning that if the makers of this business is the entrepreneur, difficulty slightly reduces.

There is agreement on many cases including the high motivation, high self-confidence, ability to engage for a long time, high energy level, a high degree of initiative, ability to targeting, balancing in the risks taking and insist on problems solving. In the other division, it includes high insist and pursue, and having the desire and ability of self-

leading and relative need to autonomy, desire for money and status, little self-doubt, trivial concerns, the ability to take risks without anxiety, work more than required and others (Samad Aghaie, 2002). Hyperactivity features: Person act oneself and does not wait for something to happen, would like to impact on his surrounding environment and change it. Entrepreneur considers the rights of individuals of society; first put in to consideration the others then himself (Behzadian Nejad, 2004). Three primary motivation lead people to be entrepreneurs which including: need for achievement, interest in freedom and autonomy and needs to job satisfaction (Hezar Jaribi, 2004). Entrepreneurs in the community can cause to the employment creating, transfer of technology, encourage the investment, recognition, creation and expansion of new markets, the equilibrium in dynamic economies, reducing the administrative bureaucracy (reducing the sitting on chair and action orientation enthusiasm), innovation and lubricating the change, irritation and encourage a sense of competition and organizing the resources and effective use of them (Zabihi and Moghadasi, 2006).

The main problem in this paper is that, in current economic situation of our country which is encountered to the significant problems and disorders such as brain drain, reducing government investments, lack of mobility and adequate economic growth, the training and support for entrepreneurs in developing countries, has great importance (Pour Dariani and Moghimi, 2001). Entrepreneurship is not only meant to start a new and small business, but it means creating value, creating new markets and offer new products or services to new customers. Entrepreneurship is the process of innovation and creating new business in high-risk situations by identifying opportunities and resource allocation management. Being an entrepreneur requires having the ability to function in conditions of uncertainty and risk (Davari, 2003). The nature and quality of the environment in which the entrepreneurial process is started and organized is essential in successful growth and survival of entrepreneurial activities and it seems that in our country has not been paid particular attention to entrepreneurship (Nakhjavani, 2000).

Entrepreneurs in the course of its career, from the beginning of the work, has encountered a lot of problems such as the shortage of qualified and skilled manpower, lack of social trust and job security, lack of capital and failure to achieve the low-cost

market to the plight of loans and facilities, advertising restrictions and malice and jealousy, etc. So, every day, in flow and atmosphere of labor market, especially in some areas of the economy and job, changes and fluctuations in the price and quantity of available resources are taking place. Therefore, the entrepreneur for his action and even reaction needs to take strategies for its risk management in these bustle days (Sharif-Zadeh, 2004). Entrepreneurial requires risk-taking, innovation (Zabihi and Moghadasi, 2006) and entrepreneurial activity. According to economic theory and obtained experiences in growing economies, entrepreneurs are considered the dynamic engine of economic growth and development (Rabie, 2008) and therefore, job creation is one of the important ways of entrepreneurship (Pur Darayany and Moghimi, 2001). Although, the investment seeks income and interest everywhere (Saeedi Kia, 2005), but at the same time, has very sensitive smell in wince of danger and prefer the less profit that coupled with security to giving the more profit but uncertain and unstable. Risk-averse of Capital is even much more than its risk taking (Davari, 2003). Democratic capital relations at all levels, refers to the relationships based on the adhering to the contract of law that are implemented between the two parties, the buyer and seller, capitalists and workers, exporter and importer. If we do not trust to the implementation of this constitution in democratic capitalist society or such confidence is low, the natural and legal motivations will not have the sanctions for this reason remain ineffective in reality of life (Hughes, 2001).

Finding creative people, training the talented forces, support the innovative and motivated individuals, reduce the risk losses by creating the safe space for investment, and encourage children and students to undertake responsibilities all are major cases that needs to be pointed to the entrepreneurial spirit (Aghai, 2002). Many researches have been done about the personality and individual characteristics of entrepreneurs such as: need to achievement (Luthan and Rentsch, 2005), internal control (Robinson et. al., 2003) and risk taking (Schumpeter, 2006). In another paper, the most important effective factor in individual's entrepreneurship refers to his personality that means how much he believes himself and his job achievement or when failures occur one after the other, how in the future will be determined to be proactive and how an entrepreneur remains determined to change the threats to employment opportunities. Nowruz

Zadeh and Rezai (2009) in a paper examine the effective incentives and disincentives on entrepreneurial spirit from the perspective of higher education students. The results show that in priority order, the student, teachers, equipment and facilities of higher education centers of scientific - practical, family, educational courses content, society and laboratory are regarded as incentives in creating an entrepreneurial spirit and lack of students' knowledge, lack of skilled and creative teachers, inappropriate educational courses content, lack of government support are the most effective deterrent in creating the entrepreneurial spirit of students of agriculture sector of education centers of scientific-practical. Movahedi and colleagues (2010) conducted a research that aims to examine the entrepreneurial spirit and training among the agriculture students of Bu-Ali Sina University of Hamadan. The results of study indicated that there is no significant relationship between gender, age, education, agriculture and academic orientation of agriculture students and their entrepreneurial spirit rate, and there is a significant relationship only between employment of students and their entrepreneurial spirit.

According to the importance of entrepreneurial spirit as essential stimuli in launching and sus-

taining the economical businesses, this study has examined the entrepreneurial spirit among managers and members of cooperatives engaged in home business in Hamadan province.

## Methodology

This study is based on survey. In survey research, the most common approach for collecting data was questionnaire. Beside the questionnaire, interview, observation and documentary studies are also used. The accuracy of indicators and items in questionnaire or validity were confirmed by specialists. To evaluate the reliability of research instrument, questionnaire was distributed among a number of scholars and experts and the results was examined, and its Cronbach Alpha was obtained to be 0.79 which is acceptable figure. The questionnaires were given to members and manager of home business cooperative of Hamadan province to be completed. For the data analysis the software spss we used. In data description sector, descriptive statistics such as frequency, percentage, median, mode, standard deviation, variance, and other means were used. Furthermore, a number of hypotheses have been tested.

**Table 1. Frequency distribution of data**

		Frequency	Percentage	Cumulative frequency
Gender	Female	37	52.85	52.85
	Male	33	48.15	100.0
	total	70	100.0	-
Age	18-28	15	21.43	21.43
	28-38	34	48.57	70
	38-48	14	20	90
	48-58	7	10	100
	total	70	100	-
Educational level	Under diploma	12	17.14	17.14
	diploma	26	37.14	54.28
	Associate Degree	17	24.28	78.56
	Bachelor	13	11.57	97.13
	M.A.	2	2.87	100.0
	total	70	100.0	-
Monthly income rate	Less than 85 \$	14	20	31.11
	85 \$-170\$	21	30	77.77
	170\$ -255\$	8	11.42	95.54
	More than 255\$	2	2.85	100.0
	total	70	100.0	-
-	Total	45	64.28	-
-	lost	25	35.71	-
-		70	100.0	-

**Table 2. Frequency distribution of research variables**

Method	Mean	SD	Variance	Rank
I agree that risking is a part of job and being successful in job.	4.88	0.958	0.946	1
I'm ready to hear any criticism	4.70	0.965	0.883	2
I have flexibility in doing my work.	4.36	1.012	1.068	3
I have the ability to attract the others' trust.	4.03	1.002	1.220	4
I like to live in top economic prosperity	3.96	0.933	0.974	5
I have the ability to motivate others	3.95	1.523	1.002	6
I 'm aware of economic condition and markets all times	3.80	1.412	1.124	7
I have motivation to enter to unknown areas of business.	3.64	1.032	1.409	8
I enjoy of what I do and love it	3.51	0.963	0.945	9
I have careful planning and time management skills.	3.13	1.258	1.232	10
I would like to do my best to achieve success.	3.10	0.965	0.822	11
I'm realistic in doing work.	3.02	1.204	1.320	12
I'm able to assemble diverse thoughts about each issue.	2.86	1.523	1.452	13
At any time, I'm able to deliver a product, process or new service to market.	2.80	0.996	0.952	14
I'm forethoughtful prospective in my decisions.	2.46	0.973	0.971	15
I will not hesitate to accept a work that is likely to fail at it	2.08	1.109	1.007	16
I quickly decide to do things and do not delay.	2.01	1.042	1.024	17
I like to consult with experts and specialists in my work.	1.95	1.104	1.054	18
I am rarely disappointed in works, even if I am faced with an impenetrable barrier.	1.80	0.987	0.978	19
I attribute the positive and negative results of the work that I do to myself.	1.76	0.940	0.967	20
I have a strong desire to control affairs and leading tasks.	1.25	1.060	1.015	21
I agree that most of the decisions that I want to take for first time are taken with incomplete information or ambiguous.	1.22	1.187	1.147	22
I believe with hard working and continuous efforts can reach to our goal.	1.18	0.965	0.938	23
I have a lot ability to analyze problems.	1.10	1.021	1.011	24
If I decided, I'll do it as quickly as possible.	1.04	1.285	1.018	25

Likertscale:very low =1; low =2, average = 3, high =4; very high =5

**Table 3. Relationship between respondents' personality traits and entrepreneurial spirit**

Independent variable	Dependent variable	Type of test or the correlation coefficient	u	p	Result
Sex	Entrepreneurship	Mann-Whitney	2.05	0.041	+
Field of Study	Entrepreneurship	Kruskal-Wallis	4.49	0.816	-
Education	Entrepreneurship	Spearman	3.25	0.386	+
Age	Entrepreneurship	Spearman	0.024	0.142	+
Living Location	Entrepreneurship	Mann-Whitney	3.44	0.775	-
Financial status	Entrepreneurship	Spearman	1.00	0.401	-

## Results

Results indicate that 37 people of respondents, equivalent to 52.85 percent women and 33 people, equivalent to 48.15% are men. The average age of population is 32.45 years with a standard deviation of 2.97 and the variance is 8.822. The largest percentage of respondents is the 34 years old people. Minimum age of population is 18 years old and maximum age of population is 58. As a result, we can conclude that the age difference of individuals is too much. Educational level of 17.14% of the respondents is under diploma, 37.14 % diploma, and 24.28% Associate Degree, 18.57% Bachelor Degree and 2.87 % MA degree. The results show that 31.11% of respondents have a monthly income of less than 85\$, 46.66 of respondents have a monthly income between 85\$ and 170\$, 17.77 percent have a monthly income between 170\$ and 255\$ and two persons have monthly income of more than 255\$. As you can see, 35.71% of population did not respond to this questionnaire. You can see the results in the table 1.

As can be seen in Table 2, the subjects were compared to identify the existence of entrepreneurial spirit in members of home business cooperative. For this purpose, variables' mean ratings were used. We can refer to the following table and by observing the means and also the ratings that are given to them discover their importance.

According to the data of following table and by considering the averages, it can be said that risk-taking and having a spirit of criticism accepting and flexibility respectively with average of 4.88, 4.70 and 4.36 and standard deviation of 0.958, 0.965 and 1.012 had the highest ranking and the amount of working hard, ability to analyze problems and speed of decision making respectively with mean of 1.18, 1.10 and 1.04 and a standard deviation of 0.965, 1.021 and 1.258 are the lowest rank. It is noted that in the table below, the high mean of a factor indicates its importance.

Table 3 indicates the conducted test results and correlation coefficients on comparisons between gender, age, living location, financial status, field of study, respondents' level of education and entrepreneurial spirit. By observing the table and its existing information and according to the results obtained can be found that between individuals' gender and entrepreneurial spirit and between individuals' age and entrepreneurial spirit and there is a significant correlation at 95% level.

## Discussion and conclusion

Before starting entrepreneurship, various fears come to the person such as financial risk, psychological risk (without the entrepreneurial spirit, at first failure, the work will be laid off), social risk (defeated person is excluded from the family and community) (SaeediKia, 2005), entrepreneurs with all their attributes are vanguards of new and flexible economy in society. During the fluctuations of full of maze markets, it is necessary to adopting resuscitative policy and implementing the accurate strategies. In this study, we concluded that the social risk by entrepreneur requires planned management. Whatever education becomes higher and the age becomes middle-aged and with more competition, the tendency to entrepreneurial becomes higher too. Strategies of risks taking, competition accepting, avoidance and transmission of risk (e.g., insure oneself, workers, and all property and possessions, and even in many cases animals, products and materials, etc) are the most widely used. We had six hypotheses that among these, there is positive relationship between gender and entrepreneurship which is inconsistent with the research results of Movahedi and colleagues (2010) because they have concluded that there is no significant relationship between gender, age and entrepreneurial spirit. In short, in this new competitive arena, a community is vanguard that has creative and dynamic educated who is able to collect various production resources and with creative efforts engage in business and in one word, to be an entrepreneur (HezarJarib, 2004).

The obtained data indicate that members of studied co-operative home business have somewhat the characteristics of entrepreneurs. They have characteristics of risk-taking, criticism accepting, flexibility, attraction of others trust, interest in the high economic welfare and so on. These results are in line with the results obtained from the study of Schumpeter (2006), Robinson (2003), and Luthan & Rentsch (2005). The results of this study are also inconsistent with results of Norouzzadeh and Rezaei who introduced the lack of government support as the most important preventing factor in the creation of entrepreneurial spirit. In the end, the results obtained can be expressed in the following recommendations:

- Offering a variety of supports (financial, emotional, social, and political) and facilities to the end of retail, new entrepreneurs and industrial-

ists and productive jobs and continuing education in regard to become more sophisticated and up to date.

- Valuing domestic service and support entrepreneurs to launch new businesses and new ideas are good.

- Valuing home business and support entrepreneurs to launch new businesses with good ideas.

- Students choose more projects on entrepreneurial topic and in addition to enter in the details of mentioned discussion, follow entrepreneurial projects specially.

- Institutionalizing entrepreneurial culture in university and community. College can send students to visit successful entrepreneurial projects as well as provide background to attract students by building relationships with large and productive entrepreneurial companies and institutions.

- Government's investment and planning for preparation of some textbooks in regard to develop students' talents and innovation, give the school affairs' responsibility to them in order to exercise responsibility, mental and psychological support and encouragement instead of rebuke and punish and humiliate, increase the centers to develop children and adolescents' creativity.

- Create opportunities for people to engage in entrepreneurship courses and their talents.

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