

# The investigation of the relationship between managers' applied skills and entrepreneurship development: A case study in West Azerbaijan's food industrial firms

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## Abstract

Today, management and managers' skills have two wide domains: psychological dimension through which managerial skills are considered as personality characters and empirical studies which have studied this construct comprehensively and precisely and have offered valid evaluation methods for its assessment. The current research is applied regarding its aim, descriptive with respect to subject characteristics, survey in terms of time and field study considering data collection. In this research, questionnaires are used to collect data. Research population consists of managers working in firms active in food industry of West Azerbaijan, Iran. Regarding that all-counting method is not possible, sample size calculated as 228 using Cochran method. The present research aims at investigating 3 hypotheses tested through Spearman correlation coefficient and SPSS. Results obtained from hypotheses test indicate that there is a positive significant relationship between managers' applied skills (self-awareness, self-motivation and social awareness) and entrepreneurship development.

**Keywords:** Social awareness, entrepreneurship, self-awareness, self-motivation

## Introduction

Today, organizations have increasingly needed personnel and managers whose power and thoughts are so high that they may realize their respective organizations' goals and strategies (Aghayi Fishani, 1998). For doing so and in order to implement organizational micro and macro

level goals, managers need characteristics through which they may materialize their thoughts. Having applied skills is among features that may greatly help in designing of and thinking about decision making in normal, critical and unplanned situations. However, it seems that in managers selection, only their human skills are paid attention to and basically just their human skills are formally recognized. Meanwhile, for managers, applied skills are more important than human skills because managers need to make use of applied skills in their communications. Therefore, regarding the significance of applied skills in managers as well as considering critical competitive circumstances in industrial firms, the researchers attempt at investigating the relationship between applied skills and entrepreneurship development. In working environments, applied skills play a significant role in appropriate performance comparing to other abilities including technical skills. Goldman believes that applied skills are useful in all organizational hierarchies, but they are vitally important in managerial levels because managers introduce their organizations to societies and they interact with many people in and out of their organizations. Using applied skills may help managers choose properly so that they may have better command in communication with and influence on others (Agharyar & Sharifi Daramadi, 2007).

On the other hand, organizations' most important goal may be achievement to highest possible productivity or optimal productivity. Efficient factors in productivity may be capital, tools, ways of performing tasks and human resources. Undoubtedly, skillful and efficient human resources are among the most important tools in achieving or-

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ganizational goals because human resources play a significant role in increasing or decreasing organizational productivity, meaning that if an organization has most resources and best technology and facilities but it lacks productive and motivated human force, it will never reach its goals (Mahdad, 2007). Several factors influence employee's efficiency in an organization. One of the factors exert significant influence on their behavior is applied skills. Therefore, in order to investigate the relationship between applied skills and entrepreneurship development, researchers aim at identifying factors effective on managers' entrepreneurship.

## Entrepreneurship

Entrepreneurship is derived from French word *Entreprendre*, meaning commitment as well as broker and commissioner. This concept has been investigated from different several points of view. Many believe that entrepreneurship is a drive engine of economic development for developed as well as developing countries. Three main reasons of paying attention to entrepreneurship are wealth production, technology development and productive employment (Ahmadpour, 2003, p.3). In what follows, some definitions of entrepreneurship are addressed; According to Webster academic dictionary, Entrepreneur is one who organizes, manages, and assumes the risks of a business or enterprise (Webster, 1966); Schumpeter ([1]) feels that entrepreneurship is a main drive engine in economic development and the role that an entrepreneur plays is innovation and creation of new forms from materials (Palmer, 1987, p.48); Entrepreneurship is a process in which people follow opportunities without caring about resources in hand (Hurley, 1999, p.2). Entrepreneurship is a managerial process allowing one exploits available opportunities as much as possible in an ongoing manner, produces new ideas and makes use of them (Thompson, 1999); Entrepreneurship is a process of gaining profit through a new, unique and valuable setting of resources in situation replete with doubt and uncertainty. Entrepreneurship means stating or growing up a fledging firm through innovative and risk-bearing management (Ahmadpour, 2003, p.25); Entrepreneurship is a process in which an entrepreneur starts a new, small economic activity with his own resources (Drucker, 1985). Totally speaking, entrepreneurship is a process of innovation and exploitation of opportunities with so much effort and perseverance together with bearing financial,

psychological and social risks. Of course, it is done for profit, successfulness, personal satisfaction and independence (Histrich, 2002).

### *Importance of Entrepreneurship*

Those who have not awakened by the call of industrial revolution are today called undeveloped countries. Nowadays, another call is resounding. Those who do not lend their ears to it will be definitely pushed to margins of poverty in the future world. That is the call of entrepreneurs. Entrepreneurs not only create new job opportunities, but also deconstruct creatively by means of necessary structure, thought, motion and culture so that they may build lofty building of prosperity and progress out of old ruins .

Considering the key role of entrepreneurs in economic and social growth and development trend in the current situation of world economy, to compete with other developed countries and move toward growth and development, our country needs entrepreneur human forces whose skills and abilities may be employed in order to achieve better technology and products. Regarding problems and challenges in the face of economic and social systems including high unemployment rate, brain drain, lack of specialized work forces, our society needs to move toward entrepreneurship and internalize it. Salar Zar believes that in addition to employment, it causes increase in life quality, proper income distribution, decrease in social distress and exploitation of national resources .It is human forces concept located at the center of attention in societies' development and progress. With respect to the fact that underground resources have lost their importance, nowadays, all have figured out that the best and most reliable way of progress is investment in human forces. Therefore, Human forces development and improvement is the most important factor in societies' development and promotion. Also, from the view point of human forces development, entrepreneurs have all characteristics effective in growth and development such as creativity, innovation, futurism, self-confidence and risk-bearing.

### *Entrepreneurship Development*

In 21<sup>st</sup> century, the main capital of societies is their human resources' knowledge, skills and attitudes. In order for this capital to be served for the happiness of societies, investment in entrepreneurship capabilities is highly required (Kuratko, 2005). Through this investment, employment rate, tech-

nology transfer, market construction and development, new businesses increase in the societies and feelings of competition, innovation, self-confidence and changeability are built within people (Dutta, 2005). Entrepreneurship development is an organized process of identification, motivation, training, counseling and support, aiming at training more entrepreneurs for opening new firms. Entrepreneurship development plan is a program for human resources development whose production may be new competent entrepreneurs or sustainable firms (Akbari, 2008). Entrepreneurship development is the increase in probability or likelihood of entrepreneurship behaviors in all dimensions of entrepreneurship. In other words, improving entrepreneurship opportunities, enhancing citizens' desire and motivation for performing entrepreneurship activities, making them able to succeed in performing entrepreneurship process, creating entrepreneurship support and guidance mechanisms indicate development measures in countries. With respect to this definition, national plan for entrepreneurship development covers its broad sense and includes starting new businesses, developing current businesses, solving problems of society, government and agencies and improving personal and social lives (Yadollahi, 2006).

## Methodology

In the current research, research purposes and hypotheses have been set as follows.

## Research Objective

The research presented here mainly aims at studying the degree and manner of correlation and relationship between managers' applied skills and entrepreneurship development in commercial institutes.

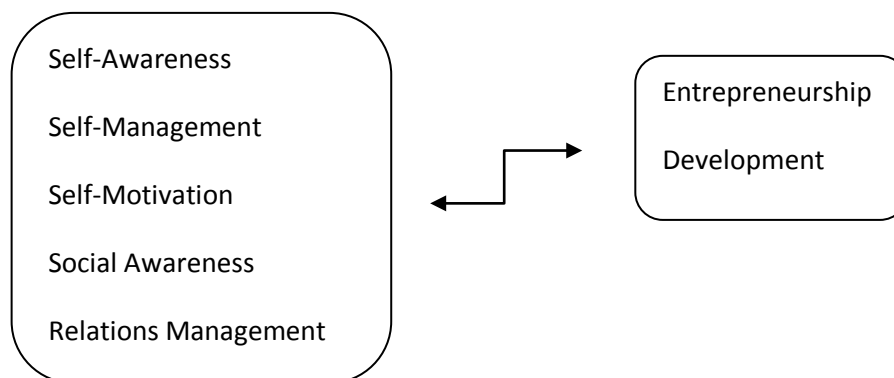
### Research Main Hypothesis

There is a significant relationship between managers' applied skills and entrepreneurship development.

### Research Sub Hypotheses:

1. There is a significant relationship between managers' self-awareness skill and entrepreneurship development.
2. There is a significant relationship between managers' self-motivation skill and entrepreneurship development.
3. There is a significant relationship between managers' social awareness skill and entrepreneurship development.

## Theoretical Framework and Research Model



In the present research, as population size is large and all-counting is not possible, sample size is determined by simple random sampling through using Cochran Formula.

### Research Population and Sample Size

The research population consists of all managers of firms active in food industries of West Azerbaijan Province.

$$n = \frac{Nt_a^2 pq}{Nd^2 + t_a^2 pq} = \frac{2620 * (1.96)^2 * 0.5 * 0.5}{2620 * 0.0025 + (1.96)^2 * 0.5 * 0.5} \approx 228$$

Where N = Total number of research population (N = 2620)

$t_{\text{student}} = 1.962 = t^2$ , when significance level of test is 0.05.

$p = 0.5$  probability of character presence

$q = 0.5$  probability of character absence

$n =$  sample size (Saei Arasi, 2011).

In the present study, regarding that research population was restricted in data collection time, using Cochran Formula, sample size was selected and 250 questionnaires were distributed.

### Research Method and Type

Because of investigating the relationship between managers' applied skills and entrepreneurship development among all managers of firms active in food industry of West Azerbaijan Province, the current research is descriptive with respect to data collection method and correlation research in terms of research type. Therefore, the current research is of descriptive studies, specifically of correlation researched branch, in terms of data collection method. On the other hand, considering its purpose, it is categorized among applied studies because its research conclusions and findings will be useful for the population studied.

### Data Collection Tools and Data Analysis Method

In this research, to collect data for confirming or rejecting research hypotheses, questionnaires are used. Those questionnaires consist of 41 questions.

In the current research, respecting hierarchy of variables, Spearman correlation coefficient is used to investigate research hypotheses. Data analysis is done in two sections.

In this section, descriptive statistics is employed in order to arrange data. According to this, data obtained from the research is shown in relative tables.

Those analyses are done by means of SPSS 18. Furthermore, managers' applied skills is the independent variable and entrepreneurship development is the dependent variable.

### Hypotheses Testing

In this section, using proper statistical test (Spearman Correlation Coefficient), research hypotheses are statistically analyzed. For doing so,

sub hypotheses are initially analyzed; then, research main hypothesis is tested.

#### First Hypothesis

There is a significant relationship between managers' self-awareness skill and entrepreneurship development.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

**Table 1. The correlation coefficient between self-awareness and entrepreneurship development**

Variables	Entrepreneurship Development	
Managers Self Awareness	Spearman Correlation	0.542
	Double-way Significance Level	0.000

According to data resulted from the research shown in the above table, the correlation coefficient between self-awareness and entrepreneurship development is 0.542, indicating that there is positive coefficient between those two variables. Therefore, in 95% confidence level and regarding resulted significance level which is less than acceptable error degree, it may be concluded that there is a positive significant relationship between managers' self-awareness skill and entrepreneurship development and first research hypothesis is confirmed.

#### Second Hypothesis

There is a significant relationship between managers' self-motivation skill and entrepreneurship development.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

**Table 2. The Correlation coefficient between self-motivation and entrepreneurship development**

Variables	Entrepreneurship Development	
Managers Self-Motivation	Spearman Correlation	0.555
	Double-way Significance Level	0.000

According to data resulted from the research shown in the above table, the correlation coefficient between self-awareness and entrepreneurship development is 0.555, indicating that there is a positive coefficient between those two variables. Therefore, in 95% confidence level and regarding resulted significance level which is less than acceptable error degree, it may be concluded that there is a positive significant relationship between managers' self-motivation skill and entrepreneurship development and second research hypothesis is confirmed.

### Third Hypothesis

There is a significant relationship between managers' social awareness skill and entrepreneurship development.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

**Table 3. The Correlation coefficient between managers' social awareness and entrepreneurship development**

Variables		Entrepreneurship Development
Managers' Social Awareness	Spearman Correlation	0.394
	Double-way Significance Level	0.000

According to data resulted from the research shown in the above table, the correlation coefficient between self-awareness and entrepreneurship development is 0.394, indicating that there is a positive coefficient between those two variables. Therefore, in 95% confidence level and regarding resulted significance level, which is less than acceptable error degree, it may be concluded that there is a positive significant relationship between managers' social awareness skill and entrepreneurship development and third research hypothesis is confirmed.

### Research Main Hypothesis

There is a significant relationship between managers' applied skills and entrepreneurship development.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

**Table 4. The Correlation coefficient between managers' applied skills and entrepreneurship development**

Variables		Entrepreneurship Development
Managers' Applied Skills	Spearman Correlation	0.476
	Double-way Significance Level	0.000

According to data resulted from the research shown in the above table, the correlation coefficient between self-awareness and entrepreneurship development is 0.476, indicating that there is a positive coefficient between those two variables. Therefore, in 95% confidence level and regarding resulted significance level which is less than acceptable error degree, it may be concluded that there is a positive significant relationship between managers' applied skills and entrepreneurship development and research main hypothesis is confirmed.

### Concluding remarks concerning research hypotheses test

As it may be seen, Spearman correlation coefficient is positive between all managers' applied skills and entrepreneurship development. Furthermore, as in all cases, correlation coefficient is higher than p-value, it may be concluded that in 95% confidence level, there is a positive significant relationship between all managers' applied skills and entrepreneurship development.

**Table 5. The degree of the relationships between several types of managers' applied skills and entrepreneurship development**

Variables	Sample Size	Correlation Coefficient	p-value
Social Awareness and Entrepreneurship Development	228	0.394	0.000
Self-Motivation and Entrepreneurship Development	228	0.555	0.000
Self-Awareness and Entrepreneurship Development	228	0.542	0.000

### Conclusion

The current study attempts at investigating the relationship between managers' applied skills (self-awareness, self-motivation, social awareness) and

entrepreneurship development. The relationship has been investigated in the framework of research main hypothesis and three sub hypotheses. Ultimately, obtained results indicate a positive significant relationship between managers' applied skills and entrepreneurship development.

## Recommendations

With regard to the fact that there is a positive significant relationship between managers' social awareness and entrepreneurship development, managers should reinforce their listening skills as well as high public relations skill for understanding other attitudes so that they can figure out customers' needs and make them compatible with products.

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