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Entrepreneurship and its Challenges in Iran

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ABSTRACT

Due to the special and particular role of entrepreneurs in the process of economic development and growth, many governments in developed and developing countries are trying to maximize the opportunities, exploit the research achievements, and also encourage and absorb much more of the societies which have the entrepreneurial characteristics of the educating and learning about entrepreneurship and its activities. Entrepreneurs with skills in identifying the opportunities and establishing the moves towards developing of these situations are considered as the real pioneers in economic and social changes. They confirmed that the success and staying in the following visions require information, initiative, and creativity. The entrepreneurship also needs risk-taking, innovation, and related activities. Based on economic theories and experiences of emerging economies, "entrepreneurs" are as the engines of economic development and growth, and consequently, the job creation is one of the most important outcomes of the entrepreneurship. In this study, firstly the definitions and characteristics for each of the thematic concepts are given. Then, by extracting the key concepts and validation by the experts, the distinctions and also the effective factors on entrepreneurship are presented. Finally, there are some tips on providing the training courses for entrepreneurs and some strategies for developing entrepreneurship in Iran.

Keywords: Entrepreneurship, Entrepreneur, Entrepreneurship Development

Introduction

Entrepreneurship as a new and modern phenomenon in economics has an effective role in the development and economic promotion of countries. If we want to have the dynamic and successful economy, we can provide the necessary mechanism based on the relative advantages and environmental constraints in order to establish the innovation of entrepreneurs as a driving force for the economy. Because of the special role of entrepreneurs in the process of economic

development and growth, governments are trying to maximize the opportunities and exploit the research achievements, and they also encourage and absorb much more people with entrepreneurial characteristics into educating and learning of entrepreneurship and its activities. Entrepreneurs are the driving force and economic growth of a society. They motivate the society and develop it in a competitive environment and in the imbalanced conditions.

Entrepreneurship and Entrepreneur Concepts

Entrepreneurship Definition

Since entrepreneurship is considered as a management concept, so it does not have a definite and clear definition, and its complete understanding requires an interdisciplinary view. Some of the entrepreneurship definitions are as:

- applying management concepts and techniques, tools and designing processes, product standardization, and building jobs based on training and then analysis;
- the process of catching opportunities by people, individually or in organizations, without considering their available resources (Faizi & Moghadasi, 2003).

Entrepreneur Definition

From the beginning of the entrepreneurial word scheme in scientific circles, there are various definitions of the word *entrepreneur* based on the different views, which the most important ones are as follows:

- An entrepreneur is a person who creates a business, primarily for profit and growth where its main characteristics are the innovation and strategic management.
- An entrepreneur is a person who has a new idea and view in which by establishing and creating a business and by accepting the risks, introduces the new products or services to the society (Faizi & Moghadasi, 2003).

Comprehensive Definition of Entrepreneurship

An entrepreneur refers to a person who has a new idea and thought, whereby establishing a business with financial and risk-taking, creates that business and provides his products and services to the market. In this definition, there are three basic points:

- An entrepreneur must be innovative and have a good creative power, and new idea and thought.
- An entrepreneur takes the business process along with financial and risk-taking.
- The results of the entrepreneur work must be presented to the market (Ahmadpour, 2003).

Organizational Entrepreneurship

Organizational Entrepreneurship is a process in which an organization identifies the growth and development opportunities, and by innovating and reallocating of resources, creates new values for its customers (Yadollahi Farsi, 2005). The organizational entrepreneurship features introductory framework and its characteristics which are listed in the next subsections.

Introductory Framework of Entrepreneurship

- characteristics (individual, cultural, organizational);
- entrepreneurship (different dimensions);
- middling communication (intermediary) as creativity, diversity, competition, entrepreneurial endeavor, etc. ;
- economic growth (Saeedi, 2009).

The Characteristics of Organizational Entrepreneurship

The characteristics of organizational entrepreneurship are listed as follows:

- organic organizational structure;
- reasonable risk-taking;
- aggressive strategy;
- investing in research development;
- the managers and employees' beliefs in common vision and goals;
- performance measurement in comparison with the organization vision and mission;
- performance measurement based on the human resource decisions;
- the high variability and adaptability;
- the basic competencies in human resources;
- vision-based leadership;
- intimacy with customers;
- emphasizing the organization values;
- organizational culture in supporting the learning, innovation, and change (Yadollahi Farsi, 2005).

The Entrepreneurship Features

Entrepreneurship capability demands several features. These features are explained as follows:

- Initiative: an entrepreneur will take the initiative in providing of all economic resources in delivering a product or service in the hope of a profitable business.
- Decision-making power: an entrepreneurship takes decisions about the basic policies of work, and it determines the process of working based on them.
- Creativity: an entrepreneur is a person who tries to produce new products.
- Risk-taking: an entrepreneur endangers his work, accuracy, endeavor, and credibility, and invests his financial resources in a risky business. In this work, the uncertainty and the failure risk are so evident that the entrepreneurs are willing to learn the risk management and consider the failure as a learning experience, not as a tragic play.
- Engaging in the ongoing process of innovation, adaptation, and learning: entrepreneurs are the innovators who create new plans and develop new methods.

- Unrestricted access to existing resources: entrepreneurs do not allow the limited resources to restrict them from seeking their targets, and they use the limited resources with few facilities effectively and efficiently.
- Leadership ability: entrepreneurs are also effective leaders, and unlike some people's view about them as independent ones, they are influential people who can direct their colleagues (Daryabar, 2005).

The Culture Relationship with Entrepreneurship

By creating job opportunities and generating wealth and improving economic conditions, entrepreneurship is a prerequisite for the promotion of the cultural level of society, because by meeting the basic needs of the life, the condition of human higher needs emerges, and if these higher needs are guided in the right direction, it brings about the flourish and excellence of humans and society. On the other hand, the formation and effectiveness of entrepreneurship require methods and specialties that are based on specific beliefs and values, and the collection of these methods and beliefs can be considered as a culture. In fact, the entrepreneurship process has its own culture in its own. This culture can be regarded as the same culture in small business entrepreneurs (Hosni, 2006).

Entrepreneurship in Non-Governmental Organizations

The Definition of an Entrepreneurial NGO

The United Nations Economic and Social Council define the entrepreneurial NGO as entrepreneurial organization which is officially registered and is clearly a well-known group of citizens or other public associations that:

- does not work as an official government agency;
- isn't the profit organization;
- has the international, national, regional, and local functions;
- tracks and prosecutes the development of the private sector, entrepreneurship, and the small and medium-sized enterprises is its main action;
- helps to transfer the technology and creativity from the small and medium advanced enterprises to other countries.

The Necessity of Entrepreneurship in NGOs

NGOs are formed by people. Although these organizations are sponsored by government agencies, they do not pay off, so they rely on participants and voluntary contributions as aid resources. Traditionally, nongovernmental organizations focus on social issues such as hunger, homelessness, and employment for people who are deprived of their social rights. Their roles are often seen as complementary to the provision of government services and as ways for associations for providing suitable services to citizens. Dees (as cited in Moghimi, 2007, p. 43) states that there are five reasons for NGOs to turn into entrepreneurial commercial business:

- Acceptance of the capitalist system in the global context and admitting the market-based society, has made the commercial business acceptable to non-governmental organizations.
- Many NGO leaders are looking for ways to transfer goods and services that are not dependent on the recipient.
- NGOs are looking for financial sustainability through self-reliance.
- Available funds for NGOs are shifting towards more similarities with business approaches.
- There is competition between sectors and within NGOs forces organizations to find alternatives to their traditional financial resources.

Organizational Entrepreneurship Barriers in NGOs

According to Cornwall and Perlman (1990, pp. 220-21), features that can prevent the development of an entrepreneurial strategy are divided into three main categories:

Environmental factors. The environmental barrier factors in NGOs, includes:

- lack of competition;
- different clients;
- public accountability;
- purpose and target.

Internal factors of NGOs. The internal barrier factors in NGOs, includes:

- high management;
- limitation of management;
- the complexity of goals.

External Factors of NGOs. These factors include those influencing the external environment and also are influenced by organizational structures and processes. Among these factors are

- culture and the non-risky environment;
- the traditional definition of nonprofit success;
- the fate of inefficient NGOs;
- funding;
- short-term attitudes (Moghimi Bahar, 2003).

Financial Requirements of Entrepreneurs

Funding sources, funding resources for entrepreneurs, and finance phase are the financial requirements of entrepreneurs. The sources with their possible subcategories are listed as follows:

- funding sources
 - a) share capital: friends and family, pioneers (angels) and risk-taking capitalists;
 - b) loan: banks, credit and financial institutions, lenders (vendors/contractors);

c) grants: governments and their support institutions.

- funding resources for entrepreneurs

a) share capital;

b) loans and grants;

c) long-term loans and debentures;

d) short-term loans;

e) mortgages;

f) vendors and contractors.... credits

- finance phases (Nikzad, 1390).

The Reasons for the Lack of Growth and Success of Entrepreneurs

There are four areas of reasons for the lack of growth and success of entrepreneurs which are explained in the following subsections.

Official Restrictive Regulations

The existence of administrative bureaucracy and sometimes over-regulations, and also the internal and external pressures on economic planners, cause many restrictions to reach the simplest goals. Such an environment leads to frustration and even losing the entrepreneurs who can't find any place to express their plans and designs, and see themselves in the bureaucracy and unsuitable relationships of decision-makers. So they will be as a passive and inactive society as a result of conditions and restrictions.

Stopping for Preserving the Standards

Most of the time, only because of having conflicts with the organization's defined standards, no attention is paid to an innovation which leads to failure, and that is why now there are many innovative designs in the archives of governmental organizations and NGOs.

Family and Society's Attitudes to Work

The family delivers an active person to the society and fosters people in accordance with the culture of the society and the values that it attaches to the activity and production. The family or society whose function is based on the use of others' efforts and also laziness, will make people, even entrepreneurs, take the wrong path from the beginning and at last the wrong earnings.

Lack of the Necessary and Enough Notice to Entrepreneurship and its Production

In many of the developing countries, there is no support of entrepreneurs, but on the contrary dealers and brokers are common, and they make much more benefits and high profit; although they are harmful. Therefore it mitigates and reduces the motivation and entrepreneurial endeavors to serve the country's economic development (Daryabar, 2005).

Tips on Entrepreneurship Training Courses

In order to be successful, entrepreneurship training courses need to consider several points:

- The combination of participants in entrepreneurship training classes should be various.
- Classes contain continuous feedbacks not the predicted ones.
- In addition to setting up a new business, there should be focus on different types of entrepreneurial initiatives and creations.
- For each class discussion and issue, a specific solution and the answer must be specified.
- The teacher and instructor should be able to modify and improve the curriculum easily.
- Different teaching methods and techniques should be applied for the excitement and attractiveness of classes.
- Entrepreneurship teachers and instructors themselves should be entrepreneurs (Faizi & Moghadasi, 2003).

Solutions for Entrepreneurship Development in Iran

The mentioned problems in entrepreneurship in Iran can be approached and developed through

- establishing a centralized organization in the field of policy-making, organizing, supervision, and implementing of entrepreneurship training programs;
- developing entrepreneurship education and training, and also adding these training courses to the general education program of the country;
- developing strategic plans by the government in macro-development programs on entrepreneurship education;
- entrepreneurship teachers and instructors training;
- training entrepreneur managers in organizations and production centers;
- extending organizational entrepreneurship in manufacturing and industrial centers to improve productivity;
- governmental supporting from entrepreneurs, institutes, and centers that are active in entrepreneurship;
- deploying people and experts to undertake entrepreneurship courses, to obtain practical expertise in experienced countries, and to transfer of entrepreneurship knowledge patterns to Iran;
- promoting of entrepreneurship in mass media, especially in radio and television, and provision of educational videos and clips for the development and promotion of entrepreneurship culture and spirit;
- establishing links with active international organizations in the field of entrepreneurship and also creating collaborative fields (Hosni, 2006).

Suggestions for the Development of Entrepreneurial Business

Entrepreneurs transfer resources from lower productivity points to higher productivity ones, and this is one of their success factors, because the proper allocation of tools, equipment, money,

raw materials, and the human resources grow the organization. However, this is not possible unless the entrepreneur can use the skills, abilities, and personal and public characteristics of the organization to achieve its goals and also to undertake the guidance of others, and all of these are the tasks and activities of business management. Entrepreneurship education is essential for the development of entrepreneurship and accordingly, governments must play a role in policy-making and in the implementation of entrepreneurship training programs. In general, the role of government policy-making and implementation in developing entrepreneurship education can be explained by the experience of different countries in the following cases:

- establishing and promotion of entrepreneurship spirit;
- structural and institutionalization reforms;
- establishing private-public educational institutions;
- establishing small business training centers;
- educating entrepreneurship (Ahmadpour, M., et al., 2011).

Conclusion

Entrepreneurship is a very important category that many developed and developing countries pay close attention to it. In these societies, entrepreneurship has become a powerful tool in creating the suitable opportunities where exploiting them can solve many problems such as the employment crisis, the lack of creative and dynamic human resources, a dramatic decline in productivity, the lower quality of products and services, the economic stagnation, and competition increase. So, the entrepreneurship education and training is a top priority for them in socio-economic development programs. In fact, nowadays, entrepreneurship is considered a great blessing for societies. Thus, the government uses entrepreneurship to get rid of the poverty, and many nongovernmental organizations provide it as an important tool for their activities.

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