

# A Research on the Effect of Social Media on Tendency to Entrepreneurship and Business Establishment (Case Study: Active Iranian Entrepreneurs in Social Media)

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## Abstract

This research was done with the aim to investigate the effect of social media on tendency to entrepreneurship and business establishment. The aim of applied research and methods used in this survey was a descriptive survey research. A standard questionnaire was used to collect relevant data in this study. The reliability of each questionnaire was estimated 0.779, 0.806 and 0.798. The population study is Iranian entrepreneurs who are active in social media and number of them is uncertain; A sample of 120 active Iranian entrepreneurs were selected as target and a questionnaire was distributed among these individuals. To collect the information and necessary data to evaluate the hypotheses of the research, a questionnaire and SPSS and LISREL software were evaluated. At inferential comprehension level, techniques of Kolmogorov-Smirnov test for being normal, Pearson correlation test and structural equation modelling were used to test the hypotheses. Based on the results, the hypotheses were accepted.

## Keywords:

Social Media;  
Entrepreneurship;  
Tendency to Entrepreneurship;  
Business Establishment.

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## 1- Introduction

Tendency to entrepreneurship, refers to a set of policies and practices that are the basis to get entrepreneurial decisions and activities in companies. For this reason, many researchers consider it as a strategic orientation for achieving competitive advantage in companies, in which companies achieve to it by designing, developing and implementing their goals and using their own strategies based on entrepreneurial principles. Also, the tendency toward entrepreneurship is a kind of management philosophy and total behavior of the company, which is associated with the nature of entrepreneurship. The tendency to entrepreneurship is consists of 5 key elements such as: innovation (creativity and knowledge development as producing new products and services, guidance of technology and using processes based on research and development; risk-taking (doing some activities boldly based on the lack of resources in new environments and even unknown); being active (being opportunism, identification and prediction of market demand in the future, and producing appropriate products and suitable services related to them); competitiveness (the intensity of the company's efforts compared to the competitors, and bold response to competitive threats); and independence (independent activity of leaders and entrepreneurs team in investing and applying strategies) [1].

The Tendency to entrepreneurship creates a path for companies to be succeed in today's dynamic competitive environments by using internal factors (strengths and weaknesses) and external factors (opportunities and threats) correctly. The most complete definition for the tendency of entrepreneurship is that if a company presents innovations in its products constantly, and is risk-taking, and also has an active attitudes, so this company has the tendency to entrepreneurship. Researchers consider the tendency of entrepreneurship as the desire of executive management for acceptance of calculated risks, innovations and being pioneer. The tendency of entrepreneurship is also considered as an important organization process that leads to survivance and improvement of companies' performance. As an element of strategic orientation, the tendency of entrepreneurship indicates the type of companies' decisions and creative style in action. Among the main indicators of tendency of entrepreneurship, pioneering and risk-taking policies can help

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companies to identify and seize new opportunities as well as prediction and finding market potential. [2] Also, with increasing using of social media and internet services provided to the public, there is no need to go to the offices, shops and stores in person; customers instead of using real stores and shops, use internet stores and make all their purchases via the internet. This change in consumer behavior has led to a new economy on the internet, and so many companies and new business start working in social media [3]. On the other hand, companies that have high reputation for subjects such as maintaining entrepreneurial talent among generations, a sense of loyalty to be success in business, long-term strategic commitment and creation of independency, are considered as one of the economic engines in post-industrial growth era. In fact, the internet and social media have become an income creation method, a way to cooperate with customers and shareholders, and also to present products and services for many industrial companies [4].

Social media leads to create income, sell products and present services through the internet. Social media rely on customers' looking at the goods and purchasing products, with using marketing methods as other businesses. The key to success in business in the internet, is increasing visitors of the site. Site traffic is the backbone of internet marketing and there are nearly unlimited methods to achieve this goal. Many people in Europe and the United states manage their lives, relying on internet business and selling goods and services. So, while technology may have changed slightly, but its main principles remain still the same [5]. In fact, the internet and social media have become an income creation method, a way to cooperate with customers and shareholders, and also to present products and services for many industrial companies. Using a successful social media, leads to achieve business goal that include new sales, new customers, new markets, decreasing sales costs, increasing profits, increasing market share, increasing right of the owner with a brand name and other goals set by the company. For this reason, accepting social media by companies can be an important tool for them to solve industry related problems, because getting decision and running marketing in these companies cause to find the balance points in overcoming their problems. It should be noted that the success and deployment of the business is possible when marketing activities affect people and have effectiveness. The effectiveness of marketing depends on the organization to design a profitable strategy; and marketing programs do not create efficiency unless implementing effectively at different parts of the company [7]. As the subject is important, the main question should be asked as:

- How much using social media does effect on tendency to entrepreneurship and business establishment?
- And sub questions:
- How much using social media does effect on tendency to entrepreneurship?
- How much using social media does effect on business establishment?
- How much using social media does effect on business establishment considering tendency to entrepreneurship?

The research's conceptual model is as follow:

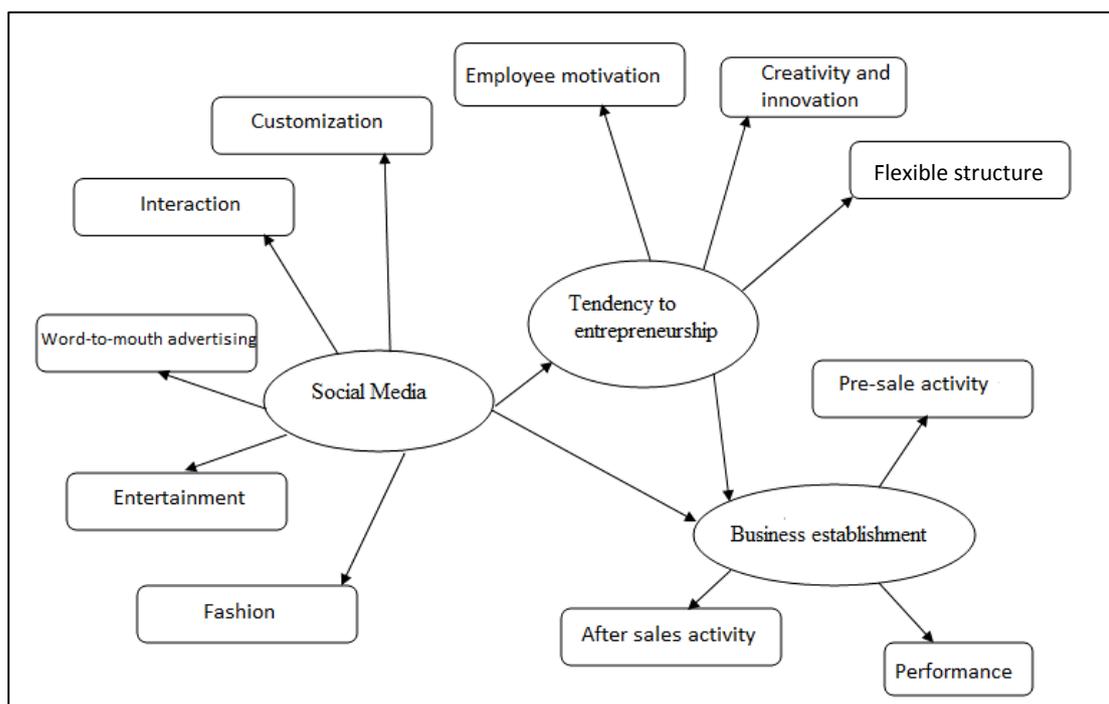


Figure 1. Conceptual Model [6, 8]

## 2- Definition of Variables

**Tendency to Entrepreneurship:** The tendency to entrepreneurship has been in all aspects of the life from the beginning of human creation with him, and has been the basis of human development. It is a process that occurs in different environments and organizations, and happens in the form of a change in the economic system through innovations of individuals who have economic opportunities, and creates merits for the individual and society. Entrepreneurs are the people who introduce new compounds in the production of products. Therefore, entrepreneurship is an unstable force that initiates the process of creative destruction that is necessary for economic development. So in many researches, entrepreneurship benefits for many organizations are considered as an important issue [9]. An entrepreneur has a new idea and thought that with identifying new opportunities and creating business can offer a new product or service to the market [10]. The ability to learn entrepreneurship or the entrepreneurial team is the core center of growth process. In order to facilitate the growth, companies, organizations and entrepreneurs must learn from the decisions, experiences, mistakes and networks that they are member in it. Entrepreneurship and its growth process is necessarily nonlinear and discontinuous; and it is a process that its important indicator is learning critical events. Entrepreneurs' ability for optimizing the knowledge as an experience of these events that are based on learning, will be crucial in ensuring their success [11]. It is used Smith's questionnaire which includes the dimensions of flexible structure, supportive culture, stimulus of creativity and employee motivation.

**Social Media:** Social media can be used to branding a product or doing business on the internet and Internet marketing. In fact, it can be said that using social media in order to advertise and present the products is defined as business marketing [12].

In this study, we measured by using Likert scale and the questionnaire based on the sub-indicators of entertainment, interaction, customization, fashion, and word-to-mouth advertising.

Success and establishment of business: it occurs when the conditions result to the achievement of business goals, such as new sales, new customers, new markets, decreasing sales costs, increasing profits, increasing market share, Increasing right of the owner with a brand name and other goals set by the company [6].

In this study, we measured by using Likert scale and the questionnaire based on the sub-indicators of after sale service, pre-sale service.

## 3- Materials and Methods

Regarding to the subject of study, that checks the relationship between variables, the research is a kind of solidarity, because when the relationship between variables is measured, it is solidarity being measured. The study is also applied in terms of the nature of work and purpose, and collecting the data was done through library and field methods. In this study, standard questionnaires are used. The validity of the questionnaire is approved by experts. Also, for reliability purposes, Cronbach's alpha is used and these coefficients 0.779, 0.806 and 0.798 are estimated. The population study is Iranian entrepreneurs who are active in social media and number of them is uncertain; A sample of 120 active Iranian entrepreneurs were selected as target and a questionnaire was distributed among these individuals. The sampling method is by chance. Finally, after distributing and collecting the questionnaires, the data were analyzed using structural equation method and also SPSS and LISREL software.

## 4- Findings

### • Descriptive Statistics

According to the results, 90.4% of the population were men and 9.6% were women. Also, 20.0% of the population were between the ages of 20 and 30, 45.0% were 30-40 years old, and 35% of the sample population were over 40 years of age. Finally, 28.1% of the subjects had undergraduate degrees, 46.3% had graduate degrees, and 25.6% had PhDs and higher.

### • Inferential statistics

The research model using structural equations Lisrel. Estimated model using Lisrel software is as following:

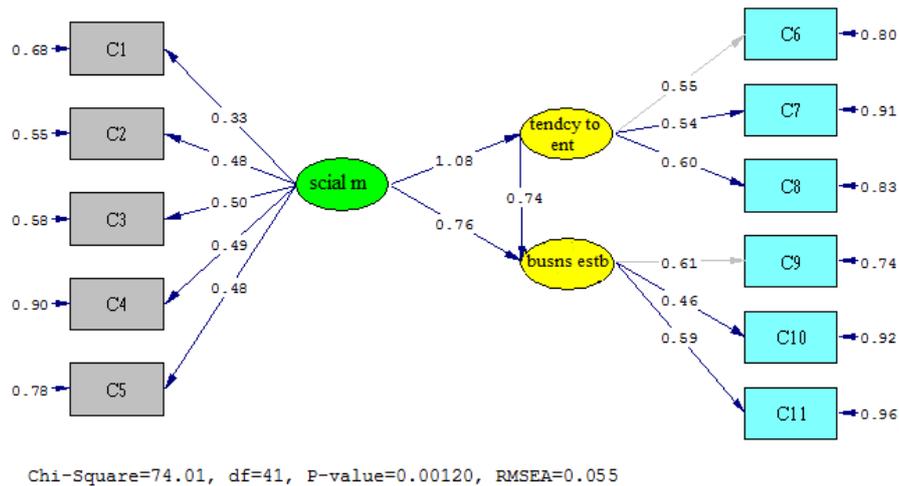


Figure 2. The main model of research in estimation of standard coefficients mode

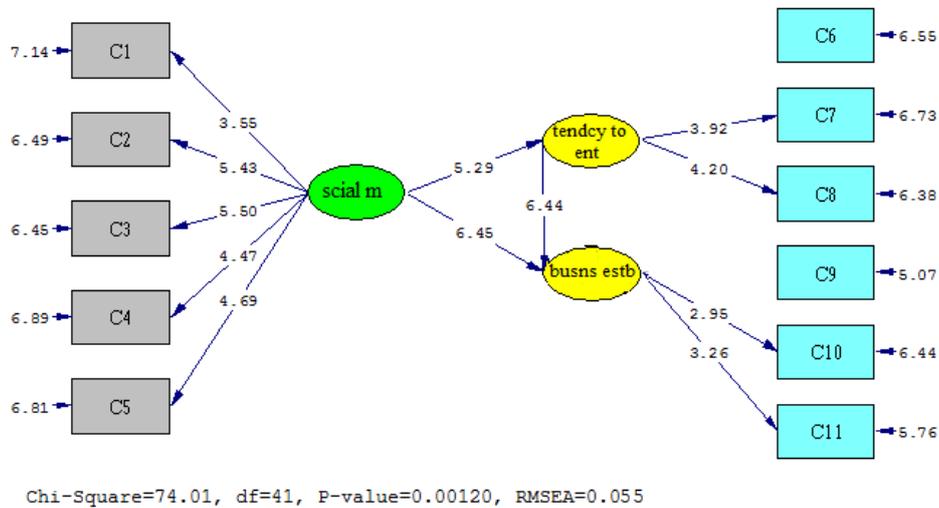


Figure 3. Structural equation model in meaningful mode (t-value)

Figure 2, shows the structural equation model for the t-value in a meaningful state. This model, actually tests all the measurement equations (factor loads) and structural equations using t-statistics. According to this model, all path coefficients and factor loads, in the standard state, are significant at 95% confidence level. If the value of t-statistic is outside the range of -1.96 and +1.96, then in a significant state indicates that all factor loads are reliable at the 95% confidence level. The calculated values of t-statistics, for each factor loads of each indicator with its structure or hidden variable is above 1.96. Therefore, it can be shown that the questionnaire is compatible with measuring the concepts at this level. In fact, the results of the above table show that what the researcher has been attempting to measure by the questionnaire, has been realized by this tool.

### 5- Interpretation of the Model

In general, with the LISERL software, indicators obtained for the model, in itself is not a reason for the fitness of the model for certainty, and in some sources, for the Chi squared test, the acceptable value is less than 3, that in the model of this research this value is calculated as 1.80. The GFI criterion represents a measure of the relative value of variances and covariance that is explained by the model. This criterion is variable between 0-1, which if the number is closer to one, so GFI is further to the observed data. The reported GFI value for the model is 0.92. The square root of the mean square of remaining, that is, the difference between matrix elements observed in the sample group and matrix elements estimated or predicted, assuming the model is correct. In order to evaluate a model, in particular compared to the other possible models, in terms of explaining a set of observed data, to be sure that how well it works, it is used NFI, NNFI, IFI and CFI. The values more than 0.9 of these indicators, shows that it is designed as well in compare to the other possible models. Finally, to check that how the model can combine fitness and saving, the RMSEA indicator has been used. The RMSEA is Root Mean Square Error Approximation. In this research, the research model is estimated as 0.055. As the characteristics of fitness has been shown in the model and table above, the data of this research is appropriate to the structure of the research and the theoretical basis of it. This indicates the questions are consistent with the theoretical constructs.

**Table 1. Interpretation of structural equation model**

Indicator's name	Estimate of the original model	Limit
Chi Squared test	1.80	<3
Goodness of fit (GFI)	0.94	>0.9
RMSEA	0.55	<0.09
CFI	0.94	>0.9
NFI	0.93	>0.9
IFI	0.92	>0.9

**Table 2. Ratio coefficient, t statistic and result of research's hypothesis**

Hypothesis	Betta ( $\beta$ ) coefficient	t-statistics	Coefficient of determination	Significance level	The result of the research's hypothesis
The use of social media has a significance effect on tendency to entrepreneurship.	1.08	5.29		< 0.05	Approved
The use of social media has a significance effect on business establishment	0.76	6.45	0.85	< 0.05	Approved
The use of social media has a significance effect considering tendency to entrepreneurship on business establishment	0.79	5.86		< 0.05	Approved

## 6- Conclusion

Based on the results, all the hypothesis were accepted. In this article, the role of social media in business establishment has been studied as the most important and fastest platform for the production and dissemination of information. Entrepreneurs can make their business effectively using social media to manage and disseminate information. An important challenge in this area is how to generate content and information, as well as how it is published on social networks, which will attract the attention of the people. Entrepreneurship and the creation of business in our country, Iran, is extremely important due to the state of the national and regional economy as well as the growth of the global economy. Achieving high levels of excellence in organizations and the economic growth of society requires the development and promotion of entrepreneurship in the country. In fact, entrepreneurship development is the most important weapon of the economic progress series, in which social media has helped the activists and entrepreneurs.

## 7- Acknowledgment

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