The Impact of Entrepreneurial Orientation on Performance of Banks with Emphasis on the Mediating Role of Market Orientation (Case Study: Public and Private Banks of Guilan Province)

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ABSTRACT

Entrepreneurship as a new phenomenon in economy and trade, with a wide variety of interactive multi-level orientation, play a key role in determining and improving the performance. The aim of this study was to evaluate the effect of entrepreneurial orientation on performance of banks with regard to market orientation as a mediator in the relationship between these two variables. In this study, since the entrepreneurial orientation complex nature and diversity of the five key elements as: Innovativeness, risk taking, Autonomy, Proactiveness and Competitive aggressiveness is used to measure this concept. On the other hand, according to various models for measuring market orientation of three elements: customer orientation, competitor orientation and inter-functional coordination of many experts agree that marketing science is used to measure market orientation will be taken. Finally, although there is no agreement among researchers on selected performance criteria in this study, three measures of market performance, customer performance and financial performance of the integrity of multiple applications and have more to measure the performance of verified banks used. To this propose, three hypotheses were formulated. To gather the necessary data to test hypotheses and analyze the data, a standard questionnaire containing 37 questions was used in 11 dimensions the 234 executives were distributed. Reliability using Cronbach’s alpha were measured using SPSS software. Test results showed that the reliability coefficient of 0.73 and the reliability is given. On the other hand, the validity of this bank managers and professionals and academics examined and confirmed the validity of the questionnaire. Since this is the most descriptive and causal, data analysis and hypothesis testing of factor analysis and path analysis were used. All analyzes were also conducted using LISREL software. Test hypotheses also confirm that the impact of market orientation on performance in general between entrepreneurial orientation and performance directly and also indirectly through orientation and significant relationship exists between market orientation has a significant effect on the relationship. Finally, according to the research findings, recommendations for the development of entrepreneurial orientation on the banks offered.

KEYWORD

Entrepreneurial orientation, market orientation, performance.

INTRODUCTION

In today's business environment, where the life cycle of products and services are shortening and the future benefits are uncertain, risk-taking, innovation and aggressiveness in market are very important for entrepreneurial institutions. In addition, to continue sustainable competitive advantage and to create further benefits, institutes must better meet the needs of the market compared to their competitors, and must be able to accurately predict market changes, so that they can provide the best values to their customers (Joo et al., 2012). With the rapid increase in global changes and the transition from traditional society to information society, paying attention to new strategies for the optimal use of opportunities and new values has further required the institutes to evolve. Today, the entrepreneurial orientation is considered as one of the new strategies in organizations.

The necessity of entrepreneurial orientation strategy has resulted from three basic requirements; i.e. the growth in the number of new competitors, the feeling of distrust of the traditional management practices and the best work forces leaving to initiate an independent entrepreneurial activity. Meanwhile, the development of information and communication technologies has substantially increased
In recent years, the increasing number of banks and financial institutions, doubled with privatization of some public banks, has created an atmosphere of intense competition in the banking industry in Iran. Many public banks have joined the private banks club to implement Article 44 of the constitution and have incorporated organizational entrepreneurial in their agenda to preserve and promote the percentage share of their resources and clients. Some of these services have arisen from innovativeness and proactiveness, and some others have emanated from risk-taking, autonomy and aggressiveness. Despite such entrepreneurial activities in the banking industry in Iran, whether by public or private banks (the project of cash purchase of wheat from farmers, service packages for traders, doctors and engineers, etc.) very few studies have examined the role of entrepreneurial orientation dimensions in explaining organizational performance in Iran’s banking system. To resolve the problems and challenges of the banking system, creating the proper context to increase entrepreneurial orientation can be an effective model to achieve innovation, initiative, developing new products and work processes, and ultimately, improving service quality and thus improving the performance of banks in all aspects. Hence, in current volatile and competitive environment, both entrepreneurial orientation and market orientation are essential to the success of organizations. Accordingly, this article aims to study the importance and the role of entrepreneurial orientation in the performance of banks, with the emphasis on the mediating role of market orientation.

**THEORETICAL FRAMEWORK**

**ENTREPRENEURIAL ORIENTATION AND ITS DIMENSIONS**

Entrepreneurship can be defined as a characteristic of the individual businesses’ owners and managers based on which entrepreneurs develop innovative responses to environmental uncertainty. One of the important views linking entrepreneurial process to strategies of organization is entrepreneurial orientation (Abaszadeh et al., 2011). Based on this view, any organization can range from passive or conservative to active or entrepreneur (Lumpkin & Dess, 2001). When the organization is active, it considers innovation, initiative, risk-taking and proactiveness in its organizational strategies, and compared with the passive organizations, further focuses on the identification, evaluation and exploitation of opportunities. Miller (1983) believes that the organizations with entrepreneurial orientation strategy possess characteristics such as innovation in market and products, risk taking and initiative, which play the main role in achieving the organization’s strategic position in the competitive environment (Abaszadeh et al., 2011).

Generally, entrepreneurial orientation is a key concept in understanding whether a company has adopted entrepreneurial activities (Franco & Heiko, 2013). Most academic studies consider entrepreneurial orientation as having a complex nature and associate it with the following three distinct key elements: innovativeness, risk taking and proactiveness. Innovativeness includes interest in ideas, new experiences and creative processes that may result in developing new products/services or new technologies. Risk taking refers to supporting the projects, despite the possibility of failure. Proactiveness means to take initiative to deal with possible future events and to overcome competitors’ activities. Lumpkin & Dess added two other elements to those of entrepreneurial orientation as well. First, autonomy in implementing new ideas or other risky activities, and second, competitive aggressiveness or challenging attitude towards the competitors who are trying either to improve their position or to enter new markets. In summary, entrepreneurial firms tend to develop creative and innovative projects by anticipating market opportunities and overcoming the competitors. Their expectations of their actions are high, but they also consider the risk. However, non-entrepreneurial companies incline to passive reaction, compliance and risk avoidance, based on adhering and complying with the competitors. In other words, firms without EO stop and watch. However, the multi-dimensional nature of entrepreneurial orientation still remains controversial (Benito et al., 2009). In this study, these five indicators are used to measure entrepreneurial orientation.

**MARKET ORIENTATION AND ITS DIMENSIONS**

Market Orientation can be defined as a stage of the organization progress, or as a level reflecting organizational maturity. Kotler looks at market orientation as the final stage of developing a commercial organization and believes that market orientation develops along with developing various commercial orientations. Market Orientation is about the adoption of the marketing concept as a business philosophy. From this perspective, market orientation can be defined as an organizational culture which includes a set of beliefs that gives priority to the interests of customers in order to develop long-term profitability. Alternatively, the orientation can be defined as a set of activities, processes and behaviors led through the implementation of marketing. Thus, market orientation can be conceptualized from both managerial and cultural viewpoints (Lafferty & Hult, 2001). Narver and Slater (1990) divided market orientation into three components in terms of structure and concept: customer orientation, competitor orientation and inter-functional coordination (Mendez & Rod, 2013). Customer orientation means true understanding of target customers to create superior value for them. Companies need to accurately understand customers’ value chain. Since customer orientation is a key leverage for economic success of organizations and companies, it plays an essential role in companies’ competitiveness and is considered as the main dimension of market orientation. Competitor orientation is an effort companies make to recognize the strengths and weaknesses of their current and potential key competitors, and to be aware of their long-term strategies and capacities. Competitor oriented companies consistently assess themselves against competitors, and understand their own
Entrepreneurial orientation as a determinant of market orientation

The relationship between entrepreneurship and market orientation has been both theoretically and practically tested during the past two decades. According to these studies, entrepreneurship and market orientation are complementary. Thus, to achieve innovative activities objectives in the market and to achieve success, entrepreneurship needs market orientation. In addition, to be responsive and react quickly to market opportunities, market orientation needs entrepreneurship. Morris et al. mentioned the idea of combining entrepreneurial thinking and market orientation, and refer to them as entrepreneurial marketing. Some authors also believe that entrepreneurship is an introduction and a source of market orientation. For example, Matsuno et al. have supported the effects of entrepreneurial elements on market orientation. Other researchers such as Weerawardena have also proved this claim (Joo et al., 2012). From their viewpoint, innovation requires companies that collect information from the environment and analyze it, which is somehow similar to what market oriented companies do. On the other hand, risk-taking estimation and evaluation contributes to reasonable and appropriate measures to deal with the opportunities and threats in the market, which is again relevant to market orientation. In this respect, Jaworski and Kohli proved a negative and reverse relationship between risk aversion and market orientation.

In the end, pioneering includes identifying market opportunities and gaining its benefits before competitors. This action requires acquiring, disseminating and responding to information which are in short the same as market orientation activities. The claim that entrepreneurship precedes market orientation has also been confirmed by many researchers, so as it is suggested that pursuing marketing strategy is supported when management accepts EO (Benito et al., 2009). According to the interpretations provided about market orientation and entrepreneurial orientation, the first hypothesis of this study aiming at proving the effectiveness of entrepreneurial orientation on market orientation is presented as follows:

H1: entrepreneurial orientation has a positive impact on market orientation of banks.

Business performance

Many mistakenly believe that performance means the profitability of the organization. In fact, performance is examined and evaluated depending on the type of organization, management thinking, philosophy and mission of the organization, environmental conditions and other numerous factors. Thus, several indicators and criteria are used for this purpose. In studies related to the business performance, researchers have used various components for its measurement(Kafashpur & Najafi Siahroodi, 2009), because there is no agreement among them on the choice of performance criterion (Rezaee Dowlatabadi & Khaef Elahi, 2006). Accordingly, business performance consists of three components which include market performance, customer performance and financial performance. In customer performance, the emphasis is on customer satisfaction and customer loyalty, while in market performance the emphasis is on sales volume, sales growth and market share. In financial performance, profit, profit margin and ROI are emphasized. Marketing researchers have frequently used the above criteria. Several studies have also indicated their reliability and validity (Idar & Mahmood, 2011). Similarly, in this study, the three criteria, i.e. market performance, customer performance and financial performance are used to measure the performance of banks. The concept of entrepreneurial orientation regardless of its type and size has always been important, and over a hundred researches have been conducted on the subject. The results of these studies have widely proved the impact of entrepreneurial orientation on performance improvement (Dada & Watson, 2013). In a multivariate analysis of 51 articles in 2009, Rauch et al. showed that in general, there is a relatively large positive correlation between entrepreneurial orientation and firm performance considering the amount of growth, and profitability(Terry Mousa & Wales, 2012). In a study conducted in 2010 by Frank et al. in the electronics industry of Australia, it was found that the entrepreneurial orientation with an emphasis on its three main elements (i.e. innovativeness, proactiveness and risk-taking) have a positive relationship with business performance. The assessment of small and medium-sized enterprises (SME) in North East China in 2012 indicated that entrepreneurial orientation has a positive impact on SMEs business performance (Zhang & Zhang, 2012). The evidence suggests that being entrepreneurial leads to better performance in organizations (Fox, 2005; Hughes & Morgan, 2007; Runyan, et al., 2008; Slotwinski, 2010). However, the results of some empirical studies suggest that there is a weak and even negative relationship between entrepreneurial orientation and performance (Matsuno et al., 2002; Morgan & Strong, 2003). In addition, Hughes &
Morgan have argued that studies related to entrepreneurship have failed to analyze the importance of entrepreneurial orientation dimensions in explaining the performance. Given the institutions’ situations, dimensions of entrepreneurial orientation may lead to desired results in a particular dimension of performance, and lead to poor performance in other dimensions. Nevertheless, the relationship between dimensions of entrepreneurial orientation and performance (financial or non-financial) in a variety of organizations and companies, including universities (Fox, 2005), emerging companies in incubators (Hughes & Morgan, 2007), small businesses (Runyan et al, 2008), manufacturing firms (Slotwinski, 2010), commercial firms (Goodale et al, 2010) and banks (Razavi et al, 1390) has been confirmed (Razavi et al 2011). Accordingly, the second hypothesis is offered:

**H2:** entrepreneurial orientation has a positive impact on the performance of banks.

### The Relationship between Market Orientation and Performance

Market orientation has been recognized as one of the most important theories in marketing, and has attracted many theoretical and practical attentions. Market orientation includes competitive advantages and can be an important indicator to measure performance. Hence, researches on the effects and importance of market orientation have increased in the past decades (Oyeniyi, 2013). Studying the relationship between market orientation and performance is also a research area of interest. Objective evidence about the relationship between market orientation and performance shows that these two factors are interdependent. In their research in 2012, Jyoti and Sharma evaluated the effect of market orientation on performance in an Indian province. Research data was collected from senior managers, employees and customers of various automobile exhibitions. Results of structural equation modeling showed that there is a significant relationship between market orientation and business performance. In this study, indirect effects of market orientation on business performance were also identified through employee satisfaction and customer satisfaction (Jyoti & Sharma, 2012). In the same year (2012), Charles et al. examined the impact of market orientation on performance of manufacturing firms in Kenya. Regression analysis of data collected using 147 questionnaires distributed among managers of manufacturing companies confirmed the above arguments (Charles, 2012). In another study (2012) private universities in Bangladesh were evaluated with the aim of investigating the relationship between market orientation and business performance. The data of this study was collected from faculty members of 15 private universities in Bangladesh. 314 faculty members responded to the designed questionnaire. Four performance criteria (student growth, market share, teaching and service quality, and overall performance) were used to evaluate their relevance to market orientation. Finally, regression analysis showed that all the four measures of performance have a statistically positive and significant relationship with market orientation in private universities in Bangladesh (Zebal & al, 2012).

In 2010, Lio et al. found that 36 of 38 Articles testing the relationship between market orientation and performance proved this relationship. They showed that market orientation affects performance in various ways, particularly when the organizational culture or customers’ demands change (Lio & al., 2011). In a study, Subramanian (2010) has examined the relationship between market orientation and business performance in one hundred and fifty-nine intensive care units in hospitals in the United States. In this research, structured MKTOR scale was used to evaluate market orientation, and business performance was measured based on the criteria of revenue growth, return on investment and profit margins. After testing the hypotheses, the results indicated a positive relationship between market orientation and business performance in these hospitals (Subramanian et al., 2010). Given the numerous studies which have confirmed this relationship, the third hypothesis of the study is presented as follows:

**H3:** market orientation has a positive impact on the performance of banks.

### The Impact of Entrepreneurial Orientation and Market Orientation on Performance, and Providing a Conceptual Model

Various studies show that entrepreneurial orientation and market orientation have a positive impact on business performance and the collaboration between them determines a company’s performance and efficiency. In 2011, Idar and Mahmood studied the mediating role of market orientation in the relationship between entrepreneurial orientation and performance of SMEs in Malaysia. To collect data for the structural equation analysis, 356 questionnaires were collected and analyzed. Results showed a significant relationship between entrepreneurial orientation and performance and also between market orientation and performance, while the mediating role of market orientation in the relationship between entrepreneurial orientation and performance was also determined (Idar & Mahmood, 2011). In 2009, Gonzalez et al. examined the relationship between entrepreneurial orientation, market orientation and business performance in socially and economically disadvantaged areas in European Union.

All questionnaires were collected using data of survey from 183 companies located in Leon, Spain. Analysis of the results showed a strong relationship between entrepreneurial orientation and market orientation. Furthermore, it was evident that both orientations have a strong relationship with performance, while their simultaneous impact on performance is slightly modified and reduced (Benito et al., 2009). In a study, Barret & Weinstein investigated the relationship between market orientation, organizational flexibility and corporate entrepreneurship and their impacts on performance. Statistical analysis results confirmed a significant correlation between market orientation, organizational flexibility and corporate entrepreneurship, and a significant and direct relationship between all three components mentioned, and performance (Barret & Weinstein 1998). In contrast Greenley and also Diamantopoulos and Hart showed that in different areas,
entrepreneurial orientation and market orientation do not necessarily have a positive impact on business performance. According to Todorovic and Ma, actual correlation between the two concepts is essential for the success of the company. While according to Matear, in 2002, market orientation can contribute to performance relationship of organization as a mediating variable. Therefore it is necessary to examine the extent to which market orientation as a mediating variable affects the relationship between entrepreneurial orientation and business performance (Idar & Mahmood, 2011)

Therefore, the major research question is: Given indirect and direct relationship between entrepreneurial orientation and market orientation, what is the role or contribution of each factor (i.e., entrepreneurial orientation and market orientation, and also entrepreneurial orientation with respect to the mediating role of market orientation,) on business performance? To answer the main research question, the following model was designed and presented based on the review of the literature around the relationship between market orientation and entrepreneurial orientation and performance. This model consists of three main variable categories:

1. Independent variable, which is entrepreneurial orientation (innovativeness, risk-taking, autonomy, aggressive competition and proactiveness)
2. Mediator variable, which is represented by market orientation (customer orientation, competitor orientation and inter-functional coordination), and
3. Dependent variable, which is business performance (market performance, customer performance and economic performance)

**RESEARCH METHODOLOGY**

Since the aim of the study was to determine the causal relationships between variables of entrepreneurial orientation, market orientation and performance, the research is applicable in terms of goal and descriptive - correlational in terms of data collection, and is apparently based on structural equation modeling methodology. Theoretical foundations and research background have been developed using library resources, databases, and referrals to specialists and experts. The Population of the study consists of about 600 people, including senior, middle and operational managers (heads of branches) of seven public banks and four private banks in Gilan. Since the number of bank managers is limited and it is about 600, the number of samples was determined as 234 people based on Morgan table, and the questionnaires (data collection instruments) were randomly distributed among them. The questionnaires were distributed as shown in the table below:

<table>
<thead>
<tr>
<th>No.</th>
<th>bank</th>
<th>Number of samples</th>
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<tbody>
<tr>
<td>1</td>
<td>Sepah</td>
<td>21</td>
</tr>
<tr>
<td>2</td>
<td>Mellat</td>
<td>33</td>
</tr>
<tr>
<td>3</td>
<td>Saderat</td>
<td>28</td>
</tr>
<tr>
<td>4</td>
<td>Tejarat</td>
<td>36</td>
</tr>
<tr>
<td>5</td>
<td>Melli</td>
<td>25</td>
</tr>
<tr>
<td>6</td>
<td>Maskan</td>
<td>27</td>
</tr>
<tr>
<td>7</td>
<td>Keshavarzi</td>
<td>22</td>
</tr>
<tr>
<td>8</td>
<td>Refah-e-Kargaran</td>
<td>26</td>
</tr>
<tr>
<td>9</td>
<td>Parsian</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>Pasargad</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>Eghtesad-e-Novin</td>
<td>4</td>
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</tbody>
</table>

![Research Conceptual Model](image-url)
In this questionnaire, which consists of 37 questions, Narver and Slater’s questionnaire with 11 items is used to measure market orientation, Hughes & Morgan’s questionnaire with 15 questions is used to measure entrepreneurial orientation, and Camarero’s questionnaire and Hughes & Morgan’s questionnaire with 11 questions are used to measure the performance of the banks. The scale of measuring the components of the mentioned questionnaire is the Likert scale (ranging from strongly disagree to strongly agree). The questionnaire’s validity was examined and ultimately confirmed by bank managers, experts and university professors. Moreover, to calculate the reliability of the designed questionnaire, the Cronbach’s alpha method was used. To calculate the reliability of the questionnaire before its final distribution, 40 questionnaires were distributed among the samples and ultimately Cronbach’s alpha value of the questionnaire was calculated as 0.73 using SPSS. The results of the reliability coefficient calculated for each dimension of the research shows that the questionnaire is sufficiently reliable.

<table>
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<th>Table 2. Reliability of research instrument</th>
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<tr>
<td>variables</td>
</tr>
<tr>
<td>Number of questions</td>
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<tr>
<td>Cronbach’s alpha</td>
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</tbody>
</table>

**DATA ANALYSIS AND HYPOTHESES TESTING**

In this study, statistical analysis has been conducted using confirmatory factor analysis, path analysis and LISREL software. LISREL includes both measurement model and structural model. Measurement model (confirmatory factor analysis) specifies how the latent variables are measured based on observable variables, and measures their validity and reliability. On the other hand, the structural model (path analysis) specifies causal relationships (effect) between latent variables in the conceptual framework of the study. When RMR and RMSEA are lower and the indices of CFI, NNFI, GFI and AGFI are more than 90 percent, the model has adequate fit.

If the critical values of path coefficients are larger than the 2 and smaller than -2, the relationship in the model of study will be significant. The results of conceptual model fitting test showed that the model of research is in a good condition. The results of confirmatory factor analysis of measured equations related to research constructs and indices obtained (RMSEA = 0.033 and P-value = 0.079 and CFI = 0.98 and NFI = 0.96 and GFI = 0.95) indicate that the measurement model fits well. In other words, all dimensions, components, and indicators for the constructs of entrepreneurial orientation, market orientation and performance are appropriately defined and can be empirically measure and explain these variables. Regarding entrepreneurial orientation, the observable variable of innovativeness (0.01), plays the greatest role in its measurement. With respect to market orientation, the observable variable of customer orientation, with factor loading of 0.83, and with respect to business performance, customer’s performance with the factor loading of 0.89, plays the greatest role. These calculations are depicted in Figure 2.
In order to illustrate the significance of each parameter of the model, T-statistic is used. The statistic is obtained based on the ratio of coefficient of each parameter to its standard deviation error, which must be larger than the absolute value of 2 for these estimates to be statistically significant. According to the output of LISREL, the absolute value of t calculated in all variables is greater than 2, so all estimates provided are statistically significant. In other words, all factor loadings associated with the construct of institutional factors and entrepreneurial orientation are significant at the 95 percent confidence level.

It was claimed in the first hypothesis that entrepreneurial orientation has a positive impact on market orientation of banks. The results show that the direct impact factor of entrepreneurial orientation on market orientation is 0.64 and since the significance of this equation is 3.74 and is greater than 2, therefore we can conclude that entrepreneurial orientation has a direct impact on market orientation and can lead to its growth in the bank. Therefore, the first hypothesis of this study is confirmed. The second hypothesis also expressed the positive impact of entrepreneurial orientation on performance of banks. $\beta$ coefficient is calculated as 0.41 and the statistics calculated regarding this assumption is 2.97 which is greater than 2. Therefore, entrepreneurial orientation has a direct and positive impact on the performance of banks. On the other hand, the value obtained is greater than direct impact of entrepreneurial orientation on performance, thus market orientation can augment the impact of entrepreneurial orientation on performance. The third hypothesis also tested the positive impact of market orientation on the performance of banks. $\beta$ coefficient was calculated as $\beta = 0.68$ which indicated the impact of market orientation on performance. The statistics value of $T = 3.54$ also confirmed the significance of the presented equation and hypothesis.

**Conclusions and Recommendations**

In the evolving world of today, due to growing environmental uncertainty, constant changes and numerous challenges, one of the effective strategies for the organizations to be able to adapt to rapid evolutions and to survive dynamically is entrepreneurial orientation and becoming an entrepreneurial organization. Many organizations realized the importance and necessity of entrepreneurship and entrepreneurial orientation. In fact, such a change in strategy is in response to a need that has arisen as a result of widespread changes and threats. Thus in the course of development, only organizations and societies can rapidly move forward that they can utilize the opportunities in the right way and right time. Market orientation can help effectively improve the performance of the institutions such as banks which have numerous interactions with clients and financial and non-financial markets.

Market orientation through meeting the expressed needs of customers can directly result in product and process innovation, which is indeed an important aspect in entrepreneurial orientation. On the other hand, market orientation can indirectly identify latent, unexpressed needs and wants of customers through the behaviors based on risk-taking, innovativeness, proactiveness, autonomy, and aggressive competition, and create innovation in products and processes accordingly. Thus, entrepreneurial orientation along with market-oriented view can act more dynamically and effectively. This study also offered empirical evidence about the relationship between entrepreneurial orientation, market orientation and performance. Since the adoption of entrepreneurship and market orientation as a part of the organizational culture requires a great deal of effort, so understanding the relationship between these orientations is necessary to implement and use them in performance. Our analysis focused on the relationship between entrepreneurship and market orientation. Both orientations shared participation level and in the meantime, market orientation facilitated implementing entrepreneurship. Each of these orientations can be considered separately, however the results of our analysis suggest that both orientations are used together. According to the results of the study, the following suggestions are provided to improve the performance of banks:

- Banks must make an effort to replace traditional structures with informal and decentralized structures so that they can boost entrepreneurial orientation and as a result, respond quickly and appropriately to the needs of the clients. Therefore, it is recommended that rules and regulations are
reduced and barriers to communication and information exchange are minimized in order to boost entrepreneurial orientation in banks, while providing the experts and professionals with more freedom by using organic and dynamic structures.

- Due to the importance of innovation and initiative in using the opportunities and overcoming the challenges of competitors, bank managers’ risk-taking must be improved so that they are able to meet the changing and diverse needs of clients and properly exploit the environmental opportunities.

- Conflict is a deterrent to the development of entrepreneurial orientation in the banking system of the country. In order to overcome this obstacle, staff must be encouraged to discuss doing things and to communicate their views properly. Furthermore, the objectives and interests of work units must be aligned with each other and with the overall goals of the organization and open dialogue must constantly exist. This can facilitate entrepreneurial orientation in banks. Also employing formal and informal mechanisms to solve conflicts and to improve communication, trust, cooperation and coordination plays an important role in boosting entrepreneurial orientation.

- It is recommended that banks adopt appropriate procedures regarding human resources management, and use advanced technology for better and more appropriate orientation in the market and consequently, performance improvement, and provide distinctive new services taking advantage of these technologies.

- Overcoming weaknesses regarding competitor orientation in the domain of market orientation culture, by providing banking services keeping pace with latest technology, velocity in introducing new services, introducing reliable banking services, creating a distinctive image of these services and improving the existing services in comparison with the competitors with the goal of proactiveness in banking services market.

- Using marketing researches to identify the needs and wants of potential customers, competitors’ strengths and weaknesses in new market segments and optimizing service delivery activities in order to develop aggressive competition and enter new markets.

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