

**AN EMPIRICAL STUDY: INVESTIGATING THE
RELATIONSHIP BETWEEN RISK-TAKING AND
INNOVATION ON “ENTREPRENEURIAL OPPORTUNITIES
RECOGNITION”
(Case Study: Middle and Top Managers of Government
Departments in Sanandaj City)**

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***Abstract:** The concept of knowledge and opportunity with combination approach is one of the major topics in the field of entrepreneurship because they identify the right business opportunities, is the basis for successful entrepreneurial process. In terms of subject domain, this research has done to investigate the Relationship between Risk-Taking and Innovation on “Entrepreneurial Opportunities Recognition” in Middle and Top Managers of Government Departments in Sanandaj City, in terms of location domain, this study has done for Middle and Top Managers of Government Departments in Sanandaj City, in terms of time domain, this research has been done on 2015. Statistical population of this research constitutes the Middle and Top Managers of Government Departments in Sanandaj. The number of 140 people as sample size by using the Cochran sample size formula was selected. This research according to purpose is considered as applied research and in terms of the methodology, it is descriptive - correlation and with considering the time of data collection, this research is descriptive cross-sectional. Also for data collection was used Questionnaire method, data with statistical software in two levels of descriptive and inferential statistics by using Structural Equation Model (SEM) model was analyzed. All two Hypotheses in level of 5 percent confidence were confirmed and the results showed that, Risk-Taking and Innovation have significant effect on Entrepreneurial opportunity recognition.*

***Keywords:** Entrepreneurial opportunity, Risk-Taking, Innovation, Government Departments in Sanandaj.*

INTRODUCTION

In recent decades, the development issue by tendency to market forces, reduce involvement, and help to state led to the role of manager in this area, more than ever be sensible. What has always occupied the minds of economists is that the

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causative agent of wealth or value added in society who or what is? The scholars along with experts in management and sociology have other concerns and that is what are the reason of achievements of developed countries and what is the cause of underdevelopment than other countries? The scientists found that after extensive investigations are effective, capable, and creative people as entrepreneurs answer these questions. Entrepreneurs bring interests and many benefits for society that some of them create jobs, encourage investment, create and develop new markets, promote competition, organized for effective use of their resources, deal gap and problems of the market.

RESEARCH PROBLEM

The main feature of today's economy is rapid change. In such an economy, countries can be successful that have adapted to these changes. Countries that are more entrepreneurial activity and entrepreneurial by nature to adapt to changes, capable in the world economy, gain a better position.

In recent years, numerous studies have conducted extensively in the field of entrepreneurship and entrepreneurs now need to investigate the phenomenon of entrepreneurship and entrepreneurs who regarded as the most suitable solution for economic development. Entrepreneurs located at the top venture businesses are always looking for opportunities and creativity, often regarded as a tool for their success. Entrepreneurship is now an important area for study and research is crucial to economic growth and can help communities increase productivity and access to technology, help to produce new products and services.

From the above, the importance of entrepreneurship and entrepreneurs to economic development is clear. Entrepreneurship has a direct impact on social, economic and cultural development in community, and the greater community participation in entrepreneurial activities that will develop faster.

Since that opportunity is one of the most important aspects considered in, entrepreneurship so discover and create opportunities is one of the pillars of the entrepreneur. Peter Drucker views entrepreneurship from individual perspective into consideration and entrepreneurs not only change agent, but also that they are people the use opportunities (technology, consumer preferences, social benefits, etc.) well and using the changes, create new things. According to this definition, an entrepreneur is always looking for change and show sensitivity and uses a unique opportunity. Hence, entrepreneurship is a vital tool in economic development that shows the main impact through job creation and to achieve this, facilitate cultural and community preparation considered.

Opportunity defined, as a set of conditions require a product, service or creates a new business. However, recognize the opportunity to understand the process of the feasibility of a product, service or business is profitable (Kumar, 2004). In other words, an opportunity till recognized cannot be exploited. This phenomenon involves the study of entrepreneurship as a source or sources of opportunity, the process of discovery, evaluation and exploitation of opportunities, and finally a series of discovery, evaluation and exploitation known. Entrepreneurs turn the process of identifying new opportunities and exploitation of opportunities (Davidson, 2003).

According to above subjects, this research investigates the relationship between Risk-Taking and Innovation and the Entrepreneurial opportunities recognition in Middle and Top Managers of Government Departments in Sanandaj.

RESEARCH LITERATURE

Salmani Zadeh and Ansari (2010) in a study titled “psychological characteristics of entrepreneurs in the country,” concluded the characteristics of success, power, self-control, confidence, emotional stability, creativity, determination, independence and the need for country risk can be attributed to entrepreneurs. Risk-taking and locus of control features at 99% and Need for achievement and creativity 95% significantly correlated with entrepreneurial behavior. A total of entrepreneurial behavior of respondents with their psychological characteristics at the level of 99 percent has a significant correlation (Salmanzadeh and Ansari, 2010).

Karland and Watson (2002), psychological and personality characteristics are identifiers measure motivated people to consider entrepreneurship. Some of these psychological characteristics are: the need for progress, Innovativeness, risk, self-confidence, commitment and persistence, internal locus of control, need to autonomy, motivation and a lot of energy (Moshef et al., 2006).

Vic, Boshof and Bastar (2003) in their study concluded that there is a strong association between the entrepreneurial attitude, personality variables, and entrepreneurial attitudes are a strong predictor variables mentioned (Rezai and Rahsepar, 2010).

Haward (2004) in this research influenced the development of entrepreneurial capabilities and independence, risk-taking, Need for achievement motivation, self-control, confidence and daring creativity in entrepreneurship in the number of 450 employees, were placed. The result of this study indicates that there is a direct relationship between the ability and the ability of entrepreneurs (Mohammadi, Begay Nia and Safari, 2011).

Jiang Yoha et al. (2009) are a study concluded that entrepreneurship and Innovativeness in China is the establishment of research and development is growing and this system combines the Innovativeness and creativity with entrepreneurship program. Therefore, applying this approach to research and development helps to increase creativity and Innovativeness through entrepreneurship. Also, the results show the relationship between entrepreneurship and human capacity and the application of research and development strategy is to increase the capacity of human resources

Saruqi et al. (2015) as the relationship between creativity and Innovativeness research (analysis of organizational, cultural and environmental) increases Innovativeness, creativity. There is strong positive relationship between individual creativity and Innovativeness. Monica Edwards et al (2015) in research entitled solve capacities as clarification and mutual creativity, Innovativeness and entrepreneurship. In this study entrepreneurship, creativity and Innovativeness of students between the two countries Spain and America were studied and it was found that many students consider themselves as creative people and the creative competences with entrepreneurs.

In the research of Sedigheh Yeganegi, (2004) under title “the investigating the effective information social resources on opportunities recognition in small and medium business of food industries in Tehran city” these results were obtained:

1-entrepreneurs rely on a greater extent to a trainer and consultant in his field was more likely to discover opportunities for their business. 2-The entrepreneurs rely on family members and close friends in identify opportunities for business will have a positive impact.

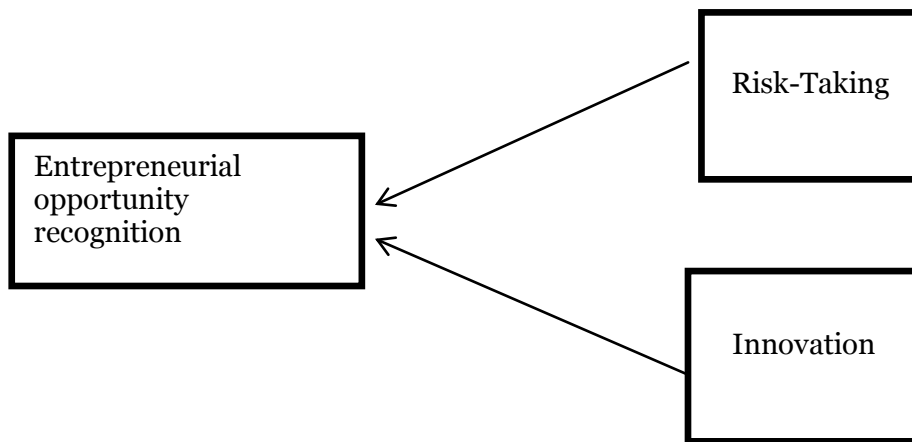
Research, Richard Dlabarka in 2002 on the review process, identify opportunities between entrepreneurs, start-ups and established it was concluded that budding entrepreneurs, faster entrepreneurial opportunities to identify and evaluate and confidence higher, their self-efficacy higher, fearing defeat on entrepreneurs established reduced.

Simon Jankoff et al. in 2006, among 400 entrepreneurs and 540 non-entrepreneurs with same age, gender, education and place in 7 cities in Brazil examine what led to the creation of an entrepreneur is concerned. They assessed the relationship between willingness to take risks, self-confidence, family background and Innovation and concluded Risk-Taking and Innovation not play a significant role in determining the success of starting a business. Nevertheless, most parent's smart and human capital, and no evidence has not found that entrepreneurs from non-entrepreneurs is more self-esteem and reliability too much is not good for business success (Jankoff et al. and Ebrahimian).

In the research of Mathilde Ruiz Arroyo et al. (2015) as consciousness and previous knowledge to identify opportunities for entrepreneurship: The role of Risk-Taking and Innovation (2015) determined that prior knowledge have a negative impact on identifying entrepreneurial opportunities and Risk-Taking and Innovation have a positive impact on consciousness and identify opportunities.

Conceptual Model

Figure 1: Conceptual model



RESEARCH HYPOTHESES

1. There is positive and significant relationship between Risk-Taking and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj City
2. There is positive and significant relationship between Innovation and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj City.

RESEARCH METHODOLOGY

This research according to purpose as applied research is evaluated and in terms of the methodology, it is descriptive – correlation and also with considering the time of data collection, this research is descriptive cross-sectional. in this study for data collection by Questionnaire method has been used. Statistical population of this research constitutes the Middle and Top Managers of Government Departments in Sanandaj city that number of them is 220 people. The number of sample

size constitutes the 140 people from middle and Top Managers of Government Departments in Sanandaj. The number of questions of questionnaire is 24 questions that in two sections have provided. The first section, demographic and the second sections are based on the conceptual model.

TESTING THE RESEARCH HYPOTHESES

Correlation Coefficient

First Hypothesis

There is positive and significant relationship between Risk-Taking and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj City

There is not positive and significant relationship between Risk-Taking and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj City

$$H1: \rho = 0$$

There is positive and significant relationship between Risk-Taking and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj City

$$H0: \rho \neq 0$$

Table 1
Results of Testing the Pearson correlation coefficient between Risk-Taking and the Entrepreneurial opportunities recognition

		<i>Risk-Taking</i>
Entrepreneurial opportunities recognition	Pearson correlation	0.784
	Sig	0.000
	N	140

$p < 0.001^{**}$

Second Hypothesis

There is positive and significant relationship between Innovation and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj city

There is not positive and significant relationship between Innovation and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj city.

H1: $\rho = 0$

There is positive and significant relationship between Innovation and the Entrepreneurial opportunities recognition among Middle and Top Managers of Government Departments in Sanandaj city.

H0: $\rho \neq 0$

Table 2
Results of Testing the Pearson correlation coefficient between Innovation and the Entrepreneurial opportunities recognition

		<i>Innovation</i>
Entrepreneurial opportunities recognition	Pearson correlation	0.612**
	Sig	0.000
	N	140

$p < 0.001^{**}$

According to results of above tables, since the significance level is less than 0.05 and the conclusion is that the (null hypothesis) H0 is not confirmed and the H1 (Research hypothesis) is confirmed. As can be seen, in level of 99 percent there is direct and significant relationship Characteristics and correlation coefficient between them Respectively is equal to 0.784, 0.793.

Research Findings

According to the research findings, Middle and Top Managers of Government Departments in Sanandaj in the variables of Risk-Taking and Innovation have almost suitable status. Government Departments had in characteristic of Risk-Taking (Mean 4.203 and Standard Division 0.405) and T test have confirmed results significant. In terms of Innovation Characteristic (Mean 4.252 and Standard Division 0.544) had more favorable situation and in the first rank, has located.

Results of the Research Hypotheses

First Hypothesis

There is positive and significant relationship between Risk-Taking and the Entrepreneurial opportunities recognition among Managers in Government Departments in Sanandaj City.

The results of the first hypothesis show of a significant correlation have between Risk-Taking and recognize the opportunity. As a result is said to there is a direct and positive correlation between Risk-Taking and recognize opportunities direction by LISREL software analysis showed that the first Hypothesis was confirmed. The relationship between Risk-Taking and the Entrepreneurial opportunities recognition with (factor loading 0.78, significant number 3.93) was confirmed. As a result, Risk-Taking has effect on the Entrepreneurial opportunities recognition in Managers of Government Departments in Sanandaj. Based on these findings, the content of Risk-Taking (trust, a spirit of exchange information and shared identity) in identifying entrepreneurial opportunities has a significant impact. This means that if one of the indicators of Risk-Taking (such as trust) among members of the social relations enhanced opportunities detection by entrepreneurs increased. The structure of social relations has a great impact on the recognition opportunity. This hypothesis confirms findings of Kavooosi and Kiasi.

Second Hypothesis

There is positive and significant relationship between Innovation and the Entrepreneurial opportunities recognition of Managers in Government Departments in Sanandaj City.

The findings of the second Hypothesis show of significant correlation have between Innovation and opportunity recognition. As a result is said to there is a direct and positive relationship between Innovation and opportunity recognition. In additional, results of path analysis by LISREL software showed that relationship between Innovation and opportunity recognition with (Factor loading 0.63, significant number 4.85) was confirmed. As a result is said that Innovation has effect on the opportunity recognition among of Middle and Top Managers of Government Departments in Sanandaj. This hypothesis knows effective, the results of Yeganegi Research; and positive effect of Innovations on opportunity recognition by Uzgen and Baron confirmed.

CONCLUSION

All the research hypotheses in this study (hypotheses 1 to 2) were approved. Because of T Path coefficient for all variables was more than 1.96, thus all hypotheses will be confirmed.

It can be seen that Risk-Taking and Innovation have significant effect on the Entrepreneurial opportunities recognition. This research shows that Risk-Taking and Innovation effect on the opportunity recognition. This research shows that the role of education, Innovation and training in promote entrepreneurship and opportunity. Enhancing relationship among research centers, academic research

and entrepreneurial activities, and modeling the business scope increase the efficacy of these entrepreneurs will be effective. Specialized counseling centers and trained counselors in the field of entrepreneurship and opportunities detection and related training opportunities are effective in detecting skills.

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