

## Designing an Effective Entrepreneurial Orientation Model on the Performance of Banks with an Emphasis on Profitability (Case Study: Management Organization of Agricultural Bank Branches of West Azarbaijan Province)

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### Abstract

In today's world, the environment of the banking industry has become very competitive, in order to overcome this competitive environment, banks must be able to achieve profitability. Banks' tendency towards entrepreneurship is one of the best methods to access this profitability, accordingly, the purpose of this research is to design a tendency model. Entrepreneurship is effective on the performance of banks with an emphasis on profitability. The current research is mixed in terms of practical purpose and method. The qualitative research method is theme analysis research and the quantitative research method is structural equation research and interpretive structural modeling. The statistical population of the qualitative part of this research includes the deputies and experts of the management organization of Keshavarzi Bank branches and a number of expert university professors, 10 of whom were selected from these people, and a small part (54) of the employees of the management organization of Keshavarzi Bank branches of West Azerbaijan province is. The results of the data analysis in the qualitative part show that the entrepreneurial orientation model includes 5 dimensions, including aggressive competition dimension which is the first priority, pioneering dimension which is the second priority, independence dimension which is the third priority, and risk-taking dimension which is the fourth priority. And then innovations that are in the fifth priority. The results of quantitative data also show that all the obtained dimensions of entrepreneurial orientation have a positive and significant effect on the performance of banks with an emphasis on profitability. In relation to the aspect of aggressive competition as the most important effective factor, it is recommended to the managers to use the competition method for more profitability and better performance of banks.

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### Introduction

Today, the banking system is one of the most effective and important systems in the economic development of countries, therefore, for progress and development, banks must look for changes and up-to-date developments so that they can create a competitive advantage in themselves. One of the methods of applying these changes is the tendency to entrepreneurship. Entrepreneurial orientation, including the dimensions of risk-taking, pioneering and activity, aggressive competition and independence, keeps companies alert in the face of new technologies, informs them of market trends and helps to evaluate new possibilities, and by keeping decisions focused Receivers on industry changes and customer demand help companies to identify opportunities and launch new economic activities. Entrepreneurial orientation combines the aspects of decision-making, procedures and practices of a company to determine the strategic direction and how to run a company (Ovinyi, 2013). Bernadine and his colleagues (1995) believe that performance should be defined as work results, because results have the strongest relationship with the organization's strategic goals, customer satisfaction, and economic roles. The final result of all plans, activities, financial, production decisions and the efficiency of management performance is reflected in the profitability of the company (bank). Profitability is the ability of a company (bank) or institution to generate enough income in such a way that after paying current expenses, an additional amount called profit remains for the company (bank) (Suemi et al., 2013). One of the most important goals of banks is profitability. Various researches have been conducted in relation to various methods of profitability in banks, one of which can be the tendency to entrepreneurship. Now the researcher wants, after the necessary investigations, the model of the tendency to entrepreneurship effective on the performance of banks with emphasis on To present the profitability in the management organization of Agricultural Bank branches in West Azarbaijan province in this research.

### Entrepreneurship

Entrepreneurship is a multifaceted phenomenon and an entrepreneur has been defined as: a person who establishes and manages a business with the aim of profit and economic growth (Smith et al., 2019).

In fact, entrepreneurship is more than just creating a business. It takes a lot of time to create an entrepreneurial mindset in students through proper education. In the 21st century, entrepreneurship education is one of the essential and fundamental determinants that can affect the future and career and professional decisions of university students and graduates (Jana2, 2020). Entrepreneurship is the process of creating value by forming a unique set of resources in order to take advantage of opportunities, it is a process that leads to the creation of satisfaction or new demand (Ahmadpour Dariani, 2014).

Entrepreneurship is also a process in which people in organizations notice potential opportunities

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and organize production factors in a creative way to create new value (Abonuri and Metousal, 2011).

The word entrepreneurship was first coined in the French language (Karbasi et al., 2002, Arabi, 2003) and it is adapted from the French term *Entreprendre* meaning "intermediary and broker" or the English term *To undertake* meaning "commitment" (Ahmed Pour Darian Y., 2004) which was translated into entrepreneurship in English by Stuart Mill in 1848. In Persian, this term is first translated as "employer" and then "entrepreneurship" (in Iran, it means someone who goes under the burden of commitment), both of which are not good translations of this word. It seems that it would have been better if this word was translated as "valuable" (Ahmadpour Dariani, 2011).

### **Tendency to entrepreneurship**

Entrepreneurial tendency has been defined as the willingness of senior management to accept calculated risks, innovation and pioneering. It is also considered as an important organizational process that leads to the survival and improvement of companies' performance. As an element of strategic orientation, tendency to entrepreneurship indicates the type of decision-making of companies and creative style in action. Among the main indicators of entrepreneurship, pioneering and risk-taking policies, they can help companies in identifying and seizing new business opportunities, as well as predicting and discovering the potential of markets (Taj Aldini, 2010).

Entrepreneurial orientation and company performance: In general, the importance of entrepreneurial orientation and its effect on company performance is obvious. In a research in Bank Mellat branches in Tehran, entrepreneurial orientation led to higher performance (Razavi et al., 2010). In a research conducted in the detergent industry, the effect of entrepreneurial orientation on performance was confirmed (Imtiaz, 2011). Based on the study of Zahra and Quinn (1995) on manufacturing, commercial and industrial companies in the United States of America, it was found that the relationship between entrepreneurship and company performance becomes stronger as the age of the company increases. Therefore, entrepreneurship in organizations should be considered as a long-term strategy to lead to better financial performance. However, the relationship between the dimensions of entrepreneurial orientation and organizational performance (financial and non-financial) in different types of organizations, including universities (Fox 2, 2005), small businesses (Ranian et al. 3, 2008), manufacturing companies (Slotvinsky 4, 2010) and companies commercial (Goodal et al., 2011) has been approved.

Miller (1983) believes that organizations with an entrepreneurial strategy have characteristics such as market and product innovation, risk-taking, and initiative, which play a major role in gaining the organization's strategic position in the competitive environment. (Abbaszadeh et al., 2011) In general, entrepreneurial orientation is a key concept in understanding whether a company has adopted entrepreneurial activities or not. (Franco et al.2, 2013) The concept of entrepreneurial orientation identifies a set of strategic processes that help the company to achieve a competitive

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advantage. From the point of view of Zat and Amit (2006), the effective performance of the role of an entrepreneurial firm requires the organization of tangible resources within the boundaries of the firm as well as across its boundaries.

Some studies show a direct relationship between entrepreneurial orientation and company performance (Tomanjuri and Rasla<sup>3</sup>, 2013). However, recent studies have examined the indirect effects of entrepreneurial orientation on company performance through other organizational processes, including processes related to innovation (Olympia <sup>4</sup>, 2014).

The most comprehensive definition of entrepreneurial orientation was provided by Miller<sup>5</sup> (1983), who believed that if a company constantly offers innovations in its products, it is risk-taking and also shows proactive behavior; This company has an entrepreneurial orientation (Davis et al., 2010).

Morris and Paul (1987) also defined entrepreneurial orientation as the tendency of senior management to accept calculated risks, innovation and pioneering (Todoric and Ma<sup>8</sup>, 2008).

Entrepreneurial orientation is also considered as an important organizational process that leads to the survival and improvement of companies' performance (Taj al-Dini <sup>9</sup>, 2010). As an element of strategic orientation, entrepreneurial orientation indicates the type of decision making of companies and creative style in action. Among the main indicators of entrepreneurial orientation, pioneering and risk-taking policies, they can help companies in identifying and seizing new business opportunities, as well as in predicting and discovering the potential of markets (Lin et al. <sup>1</sup>, 2008).

In 2007, Tat Keh and his colleagues in Singaporean small and medium-sized companies confirmed that entrepreneurial orientation plays an influential role in acquiring and using marketing information and has a direct effect on company performance. Also, using information about marketing mix decisions, especially promotion and distribution; It has a positive effect on the performance of the company and is considered as a mediator between the entrepreneurial orientation and the performance of the company (Tat Keh et al. <sup>2</sup>, 2007).

In their research, Lee and his colleagues investigated the direct and indirect effect of entrepreneurial orientation on company performance and concluded that entrepreneurial orientation has a positive relationship with company performance (Lee et al., 2009). In 2010, Zali and Mehdi Vand, by conducting a research, found that entrepreneurial orientation and its constituent dimensions have a positive and significant effect on organizational performance (Zali and Mehdi Vand, 2010), including the main indicators of entrepreneurial orientation, pioneering, and risk-taking policies, they can help companies Help in identifying and seizing new business opportunities as well as predicting and discovering the potential of markets. Accordingly, entrepreneurial orientation refers to the key decision-making processes, practices and activities of the organization that lead to new input (Iskanarini <sup>4</sup>, 2014).

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Entrepreneurial orientation refers to the strategy-based practices that are used to identify and launch business ventures of large companies. This concept represents a perspective and mental framework about entrepreneurship that is reflected in the company's current processes and organizational culture (Dess and Lumpkin 6, 2005). Although in recent years, various conceptualizations have been presented for entrepreneurial orientation, the five-dimensional model of Lumpkin and Dess (1996) is considered the most well-known of them. He considers the five dimensions of entrepreneurship to include innovation, pioneering, risk-taking, independence and competitive aggression. Therefore, it can be interpreted as strategic orientation and refers to decision-making activities, processes and ways of entering the market. The prominent dimensions of entrepreneurial orientation can be extracted from the review and integration of entrepreneurship and strategy literature (Covin and Lumpkin, 2011).

Hoggs and Morgan have claimed that the researches related to entrepreneurship have failed to analyze the importance of the dimensions of entrepreneurial orientation in explaining performance. According to the conditions of institutions, the dimensions of entrepreneurial orientation may lead to favorable results in a specific dimension of performance and unfavorable performance in other dimensions. However, the relationship between the dimensions of entrepreneurial orientation and performance (financial and non-financial) has been confirmed in various types of organizations and companies, including universities, start-up companies in growth centers, small businesses, manufacturing companies, commercial companies and banks (Razavi and colleagues, 2011).

When the organization is involved in risk-taking and aggressive activities, it means that it tends to be more entrepreneurial, to increase its marketing capabilities, including providing high-quality services, appropriate after-sales services, and retaining the best distributors to distinguish itself from competitors. separate When the competition is not intense, the organization does not need entrepreneurial tendencies to increase its marketing ability to perform better and increase its predictive power in the market (Martin and Javalegi, 2016).

Research shows that the possible effect of entrepreneurial orientation on performance is different. Thus, with the intensification of competition, high performance will require more and higher involvement in innovation, risk-taking and pioneering actions, and if competition decreases, there is no need for the organization to spend a lot of resources on these actions, so the intensity of competition affects the relationship between the tendency to entrepreneurship And performance as a moderator of this relationship is effective. In particular, this relationship decreases in conditions of low competition intensity and becomes stronger with increasing competition intensity (Hault et al., 2001, Zahra and Gravis, 2000).

### **The relationship between entrepreneurial orientation and performance**

In a multiple analysis of 51 articles in 2009, Rach et al.<sup>4</sup> showed that there is usually a relatively large positive correlation between entrepreneurial orientation and the performance of companies in terms of the amount of growth and profitability (Terry et al.<sup>1</sup>, 2012). In a study conducted in 2010 by Frank et al.<sup>2</sup> in the Australian electronics industry, entrepreneurial orientation, emphasizing its three main elements (innovation, pioneering, and risk-taking), showed a positive relationship with business performance. The assessment of small and medium enterprises (SME)<sup>3</sup> in Northeast China in 2012 also shows that entrepreneurial orientation has a positive effect on their business performance (Zhang and Zhang<sup>4</sup>, 2012). This evidence shows that the entrepreneurial nature of the organization leads to better performance (Fox <sup>5</sup>, 2005; Hoggs Morgan <sup>6</sup>, 2007; Runyan et al. <sup>7</sup>, 2008; Slatowsky <sup>8</sup>, 2010). Meanwhile, the results of some empirical studies indicate that there is a weak and even negative relationship between entrepreneurial orientation and performance.

(Matsuno et al., 2002; Morgan and Strong<sup>9</sup>, 2003). In addition, Hoggs and Morgan have claimed that researches related to entrepreneurship fail to analyze the importance of the dimensions of entrepreneurial orientation in explaining performance. According to the conditions of institutions, the dimensions of entrepreneurial orientation may lead to favorable results in a specific dimension of performance and unfavorable performance in other dimensions. In any case, the relationship between the dimensions of entrepreneurial orientation and performance (financial and non-financial) in different types of organizations and companies, including universities (Fox, 2005), start-up companies in growth centers (Hoggs and Morgan, 2007), small businesses (Ranyan and et al., 2008) manufacturing companies (Slatavisky, 2010), commercial companies (Goodell et al. 10, 2010) and banks (Razavi et al., 2010) have been confirmed (Razavi et al., 2010).

### **Performance**

The concept of performance is defined by efficiency and effectiveness, because effectiveness indicates the extent to which goals are achieved, and efficiency refers to how resources are economically used to achieve goals, and they can be considered two important dimensions of performance. That is, there can be both internal causes (efficiency) and external causes (effectiveness) for specific parts of performance. Therefore, performance is a function of the efficiency and effectiveness of activities (Cross & Lynch 1991, increasing the intensity of competition between Organizations in the current century have made them always look for ways to improve organizational performance and win in the field of competition (Wang, 2013). Achieving higher performance is a goal that organizations take various measures to achieve (Adnan, 2016).

The performance of the company is examined and measured depending on the type of organization, management thinking, existential philosophy and mission of the organization,

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environmental conditions and countless other things. Therefore, several indicators and criteria are used for this purpose (Kafashpour and Najafi Siahroudi, 2008). Most researchers believe that subjective measures of performance such as customer satisfaction and customer loyalty are more important and effective factors than objective measures of performance such as profit margin and rate of return on investment (Holly et al. 2, 2003). Kaplan and Northorn (2004), expressed the variables of measuring the company's performance as follows; Financial performance, customer satisfaction, learning and development and internal processes (Shams, 2014).

Nili et al. (2002) defined performance as the process of explaining the quality, effectiveness and efficiency of past actions. Many mistakenly believe that performance is the profitability of the organization. The fact is that the performance of the company is evaluated and measured depending on the type of organization, management thinking, existential philosophy and mission of the organization, environmental conditions and countless other things. Therefore, several indicators and criteria are used for this purpose. In the studies related to business performance, researchers have used different components to measure it (Kafashpour and Najafi Siahroudi, 2008) because there is no consensus among researchers regarding the selection of performance measurement criteria (Rezaei Dolatabadi and Khaef Elahi, 2005). This basis of business performance consists of three components, which are market performance, customer performance and financial performance. In customer performance, customer loyalty and satisfaction are emphasized, and in market performance, sales volume, sales growth, and market share are emphasized, and in financial performance, profit, profit margin, and ROI are emphasized. Marketing researchers have used the above criteria repeatedly. Numerous researches show its validity and reliability (Radvan and Rosli 1, 2011).

The result or function of the existence of an entrepreneurial environment in the organization can be seen in the increase in sales volume, income and increase in the number of customers, etc., which researchers such as Henin and Corolla (2006) have pointed out. The result or performance is a criterion for measuring the efficiency and effectiveness of the organization in a certain period of time, which is determined through signs in the market, the customer and the amount of sales of that organization (Adams and Sykes 2, 2003). As a comparison of the expected results with the actual results, the examination of the deviation of the organization from the framework foreseen in the program, the evaluation of the individual performance of the employees in the organization and the examination of the progress of the organization in achieving the predetermined goals have been defined as performance (see and Brahim 3, 2010).

Business performance is an indicator to measure how well the organization accomplishes its goals. In the 1950s, this view was relatively simple and mainly related to the effectiveness of an organization, which means that the desired performance is achieved when the actual result exactly matches the target result (Valmohammadi et al., 2015). As the complexity of the business environment increases every decade, as a result, more measures are included in the term

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performance (Prakash, 2017).

Business performance is a multidisciplinary field that includes operations management, marketing, human resource management, accounting, economics, psychology, and sociology. Business performance is generally evaluated in terms of achieving organizational goals, growth, human resource effectiveness, product and service quality, supplier, customer and market performance and other key factors such as profitability.

In the necessity and interpretation of the concept of performance, Holton and Beitz (1995) noted that the concept of performance has a multi-dimensional structure whose evaluation is different depending on the types of factors. They also point out the importance of whether the goal of evaluation is performance outcomes or behavior. There are different views on what performance is. Performance can only be considered as a record of results.

From an individual point of view, performance is equivalent to a person's record of success. There are different definitions of performance, which include:

- Kane 1 (1996) believes that performance is something that a person leaves behind and is separate from the goal.
- The Oxford English Dictionary considers performance to be equivalent to doing, performing, completing, doing ordered or committed work.

Camp Bell 2 believes that performance is behavior and should be distinguished from results because systemic factors can distort results.

Brom Brach 3 (1988), performance means both behaviors and results. Behaviors originate from the performer and transform performance from an abstract concept to action. Behaviors are not just tools for results, but are considered results in turn. This definition of performance leads to the conclusion that when managing the performance of groups and individuals, both inputs (behavior) and outputs (results) should be considered. Hartel calls this model the hybrid model of performance management. This model covers the levels of ability or competence and achievements, as well as setting goals and revising goals (Armstrong, 2005).

### Profitability

With a simple definition, the positive difference between total income and total expenses is called profit. Profit is the most important goal that motivates the owners, managers and other employees of an organization to move (activity) (Akjoch, 1985).

Although the accrual concept of profit as a fundamental measurement faces criticisms, but from the information point of view, this concept expresses the result of accounting activity (William & Demski, 1979, based on efficient market assumptions, observational research has also shown that accounting profit, (Ball & Brown, 1968) it can be said that although it is useful to be aware of different ways of measuring the net profit of a profit-making unit, accepting a comprehensive concept of profit for the purposes of external financial reporting is also very important. Therefore,



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a detailed analysis of different concepts and purposes of profit shows that a single concept of profit cannot be the answer to different purposes alone and equally (Shabahang, 2009).

Among the many definitions that have been made for the word profit, the following two definitions are examples of them:

Net profit or loss is the change in the equity of the owners of capital, i.e. the change in the net assets of a business entity during a financial period, which is due to the profitable and continuous activities of the business entity and subsidiary operations, random events and other operations, events and conditions affecting the business entity other than The source of capital owners, in other words, the net profit or loss is the result of all changes in the rights of capital owners during a period, excluding the changes caused by investment by capital owners and the distribution of resources among them. Net profit or loss, respectively, is the surplus or deficit of revenues compared to expenses for a given financial period, which represents the net increase or decrease in equity and resulting from the continuous profitable activities of the business unit and subsidiary operations, random events and other operations, events and The conditions affecting the business entity are identified and measured according to accepted accounting principles. (Alivar, 1991)

### Purposes of profit reporting

The primary purpose of the income statement is to provide useful information to those who are most interested in financial statements. But explaining more specific goals is also necessary for a better understanding of profit reporting. One of the basic goals that is considered the most important goal from the point of view of all users of financial reports. Making a distinction between investment and profit (resources and flows) is part of the descriptive accounting process. The specific objectives of the profit report include the following.

1. Using profit as a measure to calculate management efficiency.
2. Using the historical profit amounts to predict the future of the profit-making unit and the future distribution of dividends.
3. Using profit as a measure of achievement and as an indication of future management decisions.

Other purposes not mentioned above include the use of profit as a basis for tax recognition, price review of unit products that are subject to pricing, and finally, the evaluation of resource allocation by economists. (Shabahang, 2010).

### Investigating profit dimensions

The scope of discussions related to profit calculation is very wide. Profit, as one of the main and important items of financial statements, has different uses in different writings. Usually, profit is considered as a criterion for calculating tax and a factor for predicting the development of the

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policy of interest payment and a guide for investors to make decisions. According to the above content, profit can be examined as follows:

1. Profit is the basis for calculating taxes and redistributing wealth among people. Taxable profit is determined and calculated according to government regulations and laws. But two other bases are also used to calculate the tax, which are:
  - Use the resources owned by the company to calculate the tax.
  - The company's expenses should be considered as a basis for tax calculation.
2. Profit is considered as a criterion for profit sharing and maintenance policies. Profit is considered as an indicator of the maximum amount that can be distributed as dividends or reinvested in the company. Due to the difference between accrual accounting and cash accounting, a company may recognize an amount as profit but not pay the profit due to lack of liquidity. For this reason, the recognition of profit does not guarantee the payment of profit. Liquidity power and investment perspective are two variables that are used to determine the dividend policy.
3. Profit is a guide for investment and decision-making. It is usually assumed that investors seek to maximize their investment returns with respect to an acceptable degree of risk.
4. Profit as a predictive tool helps people to predict future profits and economic events. In fact, it has been proven that to predict profit, the values of profits calculated based on historical price and current value can be used. The profit of the company includes operational results or normal profit as well as non-operational results or profit or non-operational results caused by unexpected events, the sum of these two profits is equal to the net profit. It is assumed that the normal profit is a continuous thing, but the non-operating profit and loss are caused by unexpected events, and the sum of these two profits is equal to the net profit. It is assumed that normal profit is continuous, but net profit and loss is superior. In other words, the behavior of net profit is unusual and cannot be useful for investors in terms of decision-making, so it is better to use this criterion for accurate forecasting.
5. Profit is considered as a measure of efficiency. Profit is a measure of the management's supervision over the company's resources and the management's efficiency in carrying out the company's affairs. According to the report of the Financial Accounting Standards Board, financial statements can be used as a basis for judging the management's ability in the context of optimal or effective use of the company's resources and management's performance in order to achieve the company's primary goals (Bellcaoul, 2000).

### **The economic concept of profit**

The economic concept of profit has always been the focus of economists. Adam Smith (1890) was the first economist who defined profit as an increase in wealth. Most of the classics, especially Marshall (1947), following Smith, paid attention to the concept of profit and related "A" to the concept or image they had of the way of business operations. For example, they separated fixed

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capital and working capital from each other. They separated physical capital and profit from each other and emphasized on the realization of profit and considered it as a reason for recognizing profit. In the last years of the 20th century, in Van Baum Bauerk's (1951) theories about capital and song, this view is expressed that it is more than cash. Van Bam Yaorek wanted to come up with a non-monetary concept of profit, at a time when economic analysis was overshadowed by the monetary movement. At the beginning of the 20th century, ideas about profit were presented. Fisher (1919), Lindahl (1919) and Hicks (1946) presented a new perspective on the nature of the economic concept of profit. Fisher defined economic profit as follows: a series of events that relate to different states: enjoying psychological profit, real profit, and monetary profit. Fisher imagined that real profit has a more practical and practical aspect for accountants. (Alivar, 1991, p. 53-76) Lindahl expressed the concept of profit in the form of "guaranteed profit (interest)" and the meaning is the continuous increase of capital goods over time. Savings is defined as the difference between expected interest and consumption over a certain period of time. This point of view made the accepted concept of economic profit in the form of consumption plus saving that is expected to occur during a certain period of time.

### Profit prediction

In the past few years, scientific research on the empirical description of accounting profit behavior has been expanded in order to use the patterns observed in the past to predict future profits. Three important motivations are effective in shaping these studies:

1. The effort is to apply bond evaluation models. In these efforts, the goal is to replace anticipated profit instead of future cash.
2. Trying to know the relationship between reported accounting profits and future profits. The goal of these efforts is to find a more suitable model for determining the expected profit.
3. Trying to get to know the reasons for choosing different accounting methods for reporting. In these efforts, the goal is to smooth the profit. (Khalghi Moghadam, 1998, p. 20).

According to the mentioned cases, it can be said that those groups of investors and lenders are more successful who have more predictive power. Because this helps them to achieve the following goals:

1. Helping to evaluate the profitability of the business unit
- 2- Forecasting future profits
- 3- Estimation of the transitory capital risk in the business unit
4. Estimating the risk of lending to a business unit (Khalghi Moghadam, 1998, p. 20).

### Profit as a measure of efficiency

The efficient operation of the for-profit unit affects the current flow of dividends as well as the use of capital to secure the future flow of dividends. Therefore, all shareholders, especially common shareholders, are interested in management efficiency. Current shareholders can change the

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management in case of lack of efficiency or consider benefits and rewards for efficient management, potential shareholders also try to evaluate the management efficiency before investing by evaluating the shares of the profit-making unit. In both cases above, the efficiency criterion provides a basis for decision making. This purpose of measuring the efficiency of the for-profit unit is also reflected in statement number one of the Financial Accounting Standards Board as follows: Financial reporting should provide information about the financial performance of the for-profit unit during the financial period. (Shabahang, 89, p. 183).

Efficiency, at least in terms of concept. It can also be interpreted in the real world. One of its interpretations represents the relative power of the profit-making unit in obtaining the maximum product from the consumption of a certain amount of resources and obtaining a certain amount of the product from the consumption of the minimum resources or the optimal combination of resources in response to the demand and a certain price for the products in such a way as to obtain the maximum return. For the owners. But it should be noted that efficiency is a relative concept and only has meaning when it is compared with an ideal or expected standard.

In addition, the efficiency depends on the purpose of the profit-making unit. This goal can be maximizing profits or providing fair and acceptable returns for investment. If the capital used by the profit-making company remains constant in different years. The amount of profit may seem appropriate to measure efficiency. The profit of the current year can be compared with the profits of the previous years and judge whether the profit of each year has reached the set goal, exceeded it, or was less than it. But if the capital used has changed over the years. The amount of profit should be compared with the sum of capital or the sum of sales revenue. If the net profit is divided by the total capital. Quotient. It is called the rate of return on investment. In this way, it seems that this rate. To obtain a criterion for evaluating the efficient use of the capital of the profit-making unit. It is repeated again that the efficiency measure depends on the cited standard. For example, the rate of return of previous years, the rate of return of other for-profit units, an optional rate or a rate set in the market can be used as a standard. In each of the above cases. Credit rate of return on capital Investment as a measure of efficiency depends on whether an appropriate measure of profit and capital employed in the for-profit unit has been used or not.

Another basis for profit comparison is the sales revenue of the financial period. Although the sales income of the financial period can be measured more correctly compared to the investment, but using this basis also has disadvantages. Comparing the ratio of net profit to sales revenue in different financial periods is valid only if the capacity utilization is the same in these years or if the idle capacity is considered a part of management inefficiency. It is even more difficult to compare the said ratio among different profit-making units. This comparison is valid if the ratio of sales income to capital is the same for all the companies being compared. Considering that the said condition is improbable. This ratio is also not valid for comparing different profit units. (Shabahang, 89, p. 184).

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According to Adam Smith<sup>21</sup>, profit is the income derived from the capital that employed or managed it. Adam Smith considers the pleasantness and lack of a job and its risk or security as two factors affecting profit and believes that profit is one of the fluctuating variables to the extent that a person who has an economic job cannot always say with certainty how much his average annual profit is. In fact, profit not only changes from year to year, but also from day to day, hour to hour. Therefore, it would be difficult to determine the average profit of all the work done in the country, and it would be impossible to judge with any degree of accuracy what the profit of the previous period or periods was. Adam Smith also believes in the definition of profit in the so-called increase of wealth (Sabai, 2011:15).

Investors and creditors are very interested in evaluating the current and future profitability of a company (bank). In order to attract the capital they need, companies have to earn enough profit to provide suitable returns for investors and creditors. If companies do not earn enough profit, they will not be able to attract the capital needed to implement various projects through shareholders or creditors. The viability and survival of a company in the long term depends on its ability to earn money to fulfill all obligations and provide adequate returns to the main shareholders.

Profitability in banks is also important for creditors, owners, employees and management. Banks earn money by providing banking services to customers, which is done by attracting people's deposits with a low interest rate and granting facilities with a higher interest rate. The result of the difference between the two mentioned rates constitutes the bank's income, which is called profit and interest margin. Therefore, the more the bank can use the profitability scales, the more the profit will be.

## Backgrounds

Mohammadi et al. (2018) investigated the effect of entrepreneurial orientation on company performance (case study: small and medium-sized companies in Herat). Small and medium companies play a significant role in the economic activities of developing countries. The most important reason for the continued existence and strong presence of this company in the economic supply of countries is having an entrepreneurial approach as well as having coherent and organized plans. Due to the importance of this issue, the current research aims to investigate the effect of entrepreneurial orientation on the performance of companies. In order to collect the necessary information to test the hypotheses, a standard questionnaire containing 70 questions was used, and the questionnaires were distributed among the manufacturing companies of Herat city. The construct validity of this research has been measured using confirmatory factor analysis with the help of Amos 6 program. The obtained Cronbach's alpha is above 0.7. This means that the questionnaire is a reliable asset. The statistical method of structural equation models has been used for statistical analysis of data and hypothesis testing.

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### Method

Banks always measure different factors in different ways to improve their performance. Always research and Various researches have been conducted in the field of increasing and improving the performance of banks. In this research using Interpretive structural modeling, we try to examine the evaluated criteria in determining the performance of banks. Eight factors Employee productivity, deposit amounts and number of deposits, amount of facilities granted and number of facilities granted, satisfaction with services Electronic banking, the added value of housing prices and the percentage of payment facilities for housing construction Forecasting the performance of Housing Bank has been used. The proposed method is a qualitative method that uses From the point of view of 3 experts and the mode of experts' answers to the questionnaire, the researcher tried to provide a suitable model for We are determining the effective factors to improve the performance of banks. The results showed that the amount of facilities granted and satisfaction with the service Electronic banking is at the lowest level and is not affected by other factors. Added value of housing prices and the percentage of facilities paid for construction with the satisfaction of electronic banking services and the amount of facilities granted There is a direct and bottom-up relationship, that is, the percentage of facilities paid for construction and the added value of the housing price They are influenced by the satisfaction of electronic banking services and the amount of facilities granted. Amount of deposit amount with percentage The facilities granted for construction and the added value of housing prices have a direct and low-to-high relationship, that is, the amount Deposit amounts are influenced by the percentage of facilities paid for construction and the added value of housing prices. Number of facilities It has a direct and low-to-high relationship with the amount of deposit amounts, that is, the number of facilities is affected by the amount of deposit amounts Is. The number of deposits and employee productivity has a direct and low-to-high relationship with the number of facilities, that is, the number the deposit and productivity of employees is affected by the number of facilities.

The method used in this research is the mixed research method. The mixed research method is a combination of quantitative and qualitative methods, and this research is also examined in this way. The type of research work of the present study is practical, because after examining the trend towards entrepreneurship, which is effective on the performance of banks, with an emphasis on profitability, we want to provide practical suggestions for the better performance of the Agricultural Bank. Applying one of the research methods (quantitative and qualitative) shows and analyzes only limited aspects of a phenomenon, and in this case other aspects of the phenomenon are ignored (Bazargan, 2018). Provides social and behavioral phenomena.

### Statistical Society

Any set of people or objects, etc., which are intended for specific issues and have at least one common characteristic, is called society. It is displayed with the letter N. In each research, we intend to generalize the results of the research from the sample to the statistical population

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(Habibpour and Safari, 2014). At present, the statistical population of the qualitative part of the research consists of 7 assistants and experts of the management organization of the branches of the Agricultural Bank of West Azarbaijan province and 3 expert professors. They are university students, in fact, 10 people are considered as the statistical population of the qualitative part to answer the questions, and also in the quantitative part, the number of the statistical population (54) is the employees of the management organization of the branches of the Agricultural Bank of West Azarbaijan province to answer the questions of the questionnaire.

### Sample size and measurement method

The sampling method is such that the researcher examines a small part of the statistical population and then generalizes the results of the statistical analysis to the entire population, but considering that the number of employees of the management organization of the branches of the Agricultural Bank of West Azarbaijan Province is less than 100, it is no longer necessary. It is not sampling and the sample size is the same as the statistical population, i.e. 54 people.

### Method of collecting information (field, library, etc.)

Library method: Library methods are used to collect information related to the subject literature and research background. In the library method, written documents, books, treatises and articles have been used, and reliable internet sources have also been used. Field method: In this method, the questionnaire that was presented to the respondents was used, a questionnaire of sets of questions to collect information from the respondents, through which the behaviors, thoughts and characteristics of the respondents can be measured and evaluated.

### Qualitative section

1. The first research question: how the tendency to entrepreneurship with regard to innovation can affect performance

Are banks effective with emphasis on profitability?

first stage. Getting to know the data:

In order for the researcher to be able to get acquainted with the depth and scope of the content of the qualitative data with regard to entrepreneurship with regard to innovation, it is necessary to immerse himself in them to the extent. Data immersion typically involves "repeating the data" and reading the data actively (ie, looking for meanings and patterns). In the current research, the researcher has read all the data obtained from the interviews once before he starts coding the data. In fact, from the beginning of this stage, taking notes and marking the meanings that will be needed in the next stages have started.

Second stage: generating primary codes (extracting concepts from semantic expressions)

The second stage begins when the researcher has read the data on the tendency towards entrepreneurship with regard to innovation and has become familiar with the performance of banks

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with an emphasis on profitability. This step includes creating initial codes from the data of the present question. Coding will depend somewhat on whether the themes are more data-driven or theory-driven. In the current research, the focus has been on theory rather than data. Therefore, in the second stage, data has been coded that are in line with the points of interest of the research, that is, the tendency to entrepreneurship with regard to innovation can affect the performance of banks with an emphasis on profitability at different levels of analysis.

### Summary of the qualitative section

Table (4) 16. Extracted dimensions and components of the entrepreneurial tendency model affecting the performance of banks with an emphasis on profitability

Dimensions	Components
Innovation	Providing services and developing new products
Internet banking development	
Development of banking social networks	
Competitiveness	
risk taking	Conservatism
conditions of uncertainty	
a pioneer	Cooperation and organizational coordination
Improving the level of communication	
Attention to human resources	
Aggressive competition	Market monopoly
Financial control	
Predicting the behavior of competitors	
independence	Having freedom of action
Control of environmental conditions	Components
Use of intellectual abilities	

### Findings from demographic characteristics

In this section, in order to analyze the data, descriptive statistics techniques such as creating frequency tables and drawing statistical charts to examine how the statistical sample is distributed



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in terms of variables such as gender, age, level of education, and service history of the respondents are discussed.

### Qualitative results

Answer to the first question: What are the dimensions of entrepreneurship that are effective on the performance of banks with an emphasis on profitability?

Tendency to entrepreneurship effective on the performance of banks with emphasis on profitability including 5 dimensions: 1. Innovation with components

(providing services and developing new products, developing internet banking, developing social banking networks, competitiveness),

2. Risk taking with components (conservatism, conditions of uncertainty).

3. Pioneering with components (collaboration and organizational coordination, improving the level of communication, paying attention to human resources).

4. Aggressive competition with components (market monopoly, control of financial power, predicting competitors' behavior) and finally

5. Independence is with components (having freedom of action, controlling environmental conditions, using intellectual abilities).

### Suggestions in line with research hypotheses:

**Proposals of the first hypothesis: innovation on the performance of banks with an emphasis on profitability in the management organization**

**Branches of Agricultural Bank of West Azarbaijan Province are effective.**

1. Due to the increase in competition in the market and the entry of companies into the global market, measures should be taken to implement the provision of services and develop new products.

2. With the development of internet banking, you can use new banking services and expand innovation.

3. To encourage customers to use new services by innovating in the banking social networks.

4. Expand the advantages of competitiveness with competitors by innovating in the processes of providing banking services.

**Proposals of the second hypothesis: Pioneering has an effect on the performance of banks with an emphasis on profitability in the management organization of the branches of the Agricultural Bank of West Azerbaijan province.**

1. With increasing cooperation and coordination, pioneering speeds up and less time is spent on solving problems or surpassing competitors.

2. By improving the level of communication (internal and external) to improve the performance of the organization, one of the ways to improve communication is to increase communication skills.

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3. Managers should increase the productivity and efficiency of employees in pioneering processes with regard to human resources.

Proposals of the third hypothesis: Aggressive competition on the performance of banks with an emphasis on profitability in the organization

The management of branches of Agricultural Bank of West Azarbaijan has an effect.

1. To plan for market exclusivity so that you can make profit by gaining more share in the market increase

2. To prevent financial performance mistakes by controlling financial power so as not to lag behind competitors due to the lack of investment conditions.

3. Predicting competitors' behavior requires competitive intelligence and employees must be trained for this intelligence.

Proposals of the fourth hypothesis: risk-taking has an effect on the performance of banks with an emphasis on profitability in the management organization of the branches of the Agricultural Bank of West Azerbaijan province.

2. Due to the fact that risk-taking creates conditions of uncertainty, managers are advised not to make important decisions in these conditions.

Considering that the results of the research show that there is a relationship between risk-taking and bank performance with an emphasis on profitability

There is a positive and significant impact in the management organization of the branches of Agricultural Bank of West Azerbaijan province. From

This is suggested by the managers of the branch management organization of the Agricultural Bank of West Azarbaijan province

Necessary and necessary trainings regarding risk management to acquire the necessary knowledge so that they can

increase the success of their company or in case of failure, suffer the least possible damage.

If managers are aware of risk management techniques and methods, their willingness to take high risks

will go Other effective methods to increase risk tolerance are conservative techniques and conditions

Uncertainty and knowledge. For this reason, it is suggested that managers create databases in

For each activity or decision, provide appropriate tools for creativity, innovation and risk management.

## Recommendations

The fifth hypothesis: seeking independence on the performance of banks with an emphasis on profitability in the organization

The management of branches of Agricultural Bank of West Azarbaijan has an effect.

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1. By creating the conditions of freedom of action and independence, let the talents and ideas of the employees flourish.
2. Control the environmental conditions in such a way that the employees do not feel a lack of independence and run easily  
Do stress-reducing activities.
3. By using the intellectual abilities of the employees, give them a sense of usefulness and intellectual independence.

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