Study the effects of corporate entrepreneurial orientation on customer loyalty (Case Study: Broadcasting companies in the food, pharmaceutical and health in Kermanshah, Iran)

Aziz Arfaei¹, Rastegar Mohammadi², Peyman Akbari³

1. Commercial Management M.A. Student, Department of Commercial Management, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran.
2. Commercial Management M.A. Student, Department of Commercial Management, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran.
3. Master of Commercial Management, Young Researchers Club, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran

Corresponding author email: peymanakbari3537@yahoo.com

ABSTRACT: Undoubtedly, entrepreneurship in organization, has significantly share to the success and organizational promotion and On the other hand today, increased competition in the fields of the business throughout the world, and also increased in Iran than in the past and keep customers and increase their loyalty, is difficult. The purpose of this study is identified variables influencing corporate entrepreneurship orientation on customer loyalty. The study's statistical population consisted of 300 marketers, and food broadcasting companies' sales managers, health and pharmaceutical in Kermanshah Province which between them were selected 170 as sample with Morgan table for a period of 6 months in 2012. This study is descriptive-survey type of correlation research. For data collection, the questionnaires entrepreneurial orientation and customer satisfaction are made (Narges ImaniPour and Mahdi Zivdar) and in loyalty (Tyanksyang Shyng and Choon Lin Liu), was used. Validity of questionnaire was confirmed by a group of university professors. Their reliability also measured by Cronbach's alpha coefficient for the first questionnaire, 0.720 and for the second questionnaire 0.811, and the third questionnaire 0.698 was obtained. By using Spearman coefficient and stepwise regression were analyzes researched dates. Results in 0.95 showed that is positive and significant effect of corporate entrepreneurial orientation on customer's loyalty.

Keywords: corporate entrepreneurship, customer satisfaction, loyalty.

INTRODUCTION

Most of the governing tends of human life in the third millennium AD is the process of entrepreneurship and innovation. Individuals, organizations and communities that fail to keep pace with the rapid developments will have stopped, static and vanishing. Among people who at a time when everybody acknowledge on chaos, disorder, conflict and imbalance are looking get the opportunity to be able to offer a new product or service to the community, maintain balance and give order situation And creating a value of their own. These people who are the centerpiece of economic development, to be known as an entrepreneur. Entrepreneurs have led to empires one organization of other organizations and a country make significantly improved to other countries. Certainly due to being complicated organizations, the growth of technology new and innovative of science of organizations, managers increasingly attempt, understand how their organizations are entrepreneurial and creative up to cause of growth and success of their organizations (Taheri et al. 2010). Changes in product and market mechanisms, is often this way that organizations are calling to take advantage of the opportunities that other organizations are not looking and sometimes even are not informed of their existence. In this field, innovation plays Strategic and major role (Collins,2003). Today's world is undoubtedly a special feature. One feature of present age is big changes that seen in mentality, ideology, social values, social practices, and methods of do the work among the things that have been highly affected by this change are organizations. The
multitude of changes that organizations are faced with it such speed and force that in the today optimizer competitive world ,thrashed any type of resistance all of pushes away with self. On the other hand, the size of increased pace of innovation, that changes and innovations have become commonplace and what the organization as a competitive advantage consider against other own competitors quickly imitated by others its importance is reduced. This has led to organizational life be in danger and finding ways of solution be raised as usual intellectual concern for managers of companies and organizations. It is here that the importance of creative and innovative human resources, organizational entrepreneurs in other words, becomes more prominent and only with such persons, an organization is able to achieve innovation and survive in competition arenas. The ability to create competitive advantage is the most important factor to organizational survival the most important and fundamental mechanism of creating a sustainable competitive advantage in today's dynamic environment is the use of innovation in product and service delivery. Today, organizations can overcome with a few creative people and entrepreneurs, and with implementation entrepreneurial projects on innovative and opportunistic competitors – oriented. They should be provide conditions till all employees have an entrepreneurial spirit and can easily, individually or in groups to implement their own entrepreneurial activity (Samadaghaei, 1999). Also today, all organizations have realized that customer satisfaction is guarantee for a lasting organization. The importance and attention to this issue, is so that an increased number of customers, attracting and retaining customers and achieving higher profits in lieu of providing quality services is a constant concern of server institutions and companies. Management science experts believe that one of the goals of creating of any organization is fulfill product or provide services to customer therefore, if the organization fails to fulfill their needs in accordance with their wanted gradually, of reduced amount of customers, and will be gradually eliminated of the competition. In this regard, Microsoft CEO Bill Gates said, “The most dissatisfied customers are the most important sources of lessons and learning for organizations” (Masoudi, 2003). Rychhld and Sasser in 1990 during the investigation stated that 5 percent reduction in the amount of customer is cause loss of 50% of the company profits. Based on the research conducted, the 5% increase in current customer retention can increase company profits 25 to 125% (Beerli and Qaintana, 2007). Therefore, customer loyalty is a clear factor in the business success of the company. It is noticeable that loyal customers are many benefits associated own, some of these benefits can noted improve organization's profitability, reduce marketing costs, increase sales, having a low price-sensitive customers etc... (Kandampully and Sulartanto, 2006). So the tendency of corporate is crucial entrepreneurship for organizations to create satisfaction, and finally loyalty and keep customers buying, organizations, especially commercial organizations which face to face interaction with customers are required to implement corporate entrepreneurship And finally achieving organizational objectives is in a competitive world, and this will not have only with keeping satisfied of customers that will be create loyalty in customer. Purpose of this study is also to evaluate the effect of corporate entrepreneurship, and customer loyalty. The authors did not encounter in their studies to a research or study about application of corporate entrepreneurship, and related aspects on customer loyalty but in studies examined the relationship between corporate entrepreneurship with corporate performance that is one of dimensions of customer satisfaction. Also, the relationship between satisfaction and customer loyalty has been studied as it is mentioned in history of research but as mentioned in the literature, customer loyalty is the ultimate goal of companies in the present era. This is why the purpose of this study was to investigate the effects of corporate entrepreneurial orientation and customer loyalty. Up to this way, the main research question to be answered is whether the tendency of corporate entrepreneurs on customer loyalty or not.

**Literature and research review**

**Entrepreneurship**

Entrepreneurship can be called a dynamic process that is including vision, change, and creativity. The process need to application and use of people energy and motivation to create and implement new ideas and also practical solutions (Kuratko and Hodgetts, 2004). Entrepreneurship is a very important issue in many developed and developing countries should have paid attention to it. Among these, one of the main branches of entrepreneurship, entrepreneurial in organization that undoubtedly has a considerable role in the success and organizational promotion (Ahmadpour, 2004). Entrepreneurial Orientation: Corporate Entrepreneurship is collection of activities which possible exploitation of competitive advantages of innovation in an organization's and is an approach in institutionalization of innovation in organizations. In fact, corporate entrepreneurship is considered as a window into the exploitation of enduring competitive advantages, innovation and pioneering for organizations (KuratkoT et al, 2005). Or, in the other definition, corporate entrepreneurship is concept of an organization's commitment to the creation and use of new products, new processes and modern organizational systems (Hosseini, 2011).
Customer Satisfaction

Today, manufacturing or service organizations are consider, rate of customer satisfaction as an important criterion for measuring the quality of their work and this process is still growing. Importance of Customer and his/her satisfaction is something that goes compete on a global level. Customer satisfaction is a cumulative experience of buying and using commercial customer. Customer satisfaction has been experience affected by two factors, expectations and service performance (Yi, Y, 1989). The amount is the feeling that to humans loses the effect of solving customer expectations, or adds to his/her expectations. Dissatisfaction or lack of customer satisfaction is a situation in which one of the factors that contributed dissatisfaction sufficiently effects on his/ her perception of quality of products or services purchased (Biggs and Swailes, 2006).

Loyalty

Loyalty is considered into a strong commitment to re-buy the best product or service in the future that a way would buy the brand or product, despite the influence and efforts of potential marketing of competitors (Oliver, 1993). The most famous accepted definition for loyalty is returns the definition of Jacoby & Kyner in 1973 in which defines loyalty as a prejudice to a brand and behavioral responses over time that person a particular brand preference than other brands and as a mental commitment decides about that (McMullan and Gilmor, 2008).

Research background

Many researchers in their research are paid to investigate the relationship between tends of entrepreneurship and organizational performance (that customer satisfaction is one of its variables) and also, there is much research that has investigated the relationship between customer satisfaction and loyalty for example, barret and weistein (1998) in a study paid to examining the relationship between market orientation, organizational flexibility and corporate entrepreneurship and their impact on performance, researchers found that there is a significant correlation between market orientation, organizational flexibility and corporate entrepreneurs, and a significant and positive relationship between the three components and performance, Covin et al (2006) in a study paid to evaluate the effect corporate entrepreneurial on amount of selling they found that there is a positive and significant effect between tendency of corporate entrepreneurs on selling growth. Tianxiang and Chunlin (2010) in a study paid to examine the effects of electronic services quality on customer satisfaction and loyalty and showed that customer satisfaction has a positive and significant effect on loyalty. Marvel et al. (2007) paid to investigate the amount of effectiveness of eight factors in determining amount of corporate entrepreneurial orientation; they found that there is a significant relationship between entrepreneurial orientations with organizational effectiveness. Imanipour and Zivdar (2008) to study the relationship corporate entrepreneurship orientation and organizational performance they found that there was a significant relationship between corporate entrepreneurial orientation and the performance.

Figure1. Research conceptual model
Research hypothesis

The main hypothesis
There is a significant relationship between trends of corporate entrepreneurship, with customer loyalty.

Sub-hypotheses
1) There is a significant relationship between the flexible structures with customer satisfaction.
2) There is a significant relationship between effective organizational climates with customer satisfaction.
3) There is a significant relationship between the supporting culture and stimulating creativity and innovation with customer satisfaction.
4) There is a significant relationship between the ability and motivation of individual employees with customer satisfaction.
5) There is a significant relationship between the customer satisfactions with customer loyalty.

RESEARCH METHODOLOGY

This study is descriptive-survey type of correlation research, which is among the practical research the required information of the research literature has been gathered from books, professional journals in Persian and English and articles derived from internet, (library method). For data collecting tool has been used Questionnaire of entrepreneurial orientation, and customer satisfaction (Narges Imani Pour and Mahdi Zivdar), and questionnaire of loyalties section (Tyankyang Shyng Choon Lin Liu). Validity of questionnaire was confirmed by a group of university professors. Their reliability also measured by Cronbach's alpha coefficient for the first questionnaire, 0.720 and for the second questionnaire 0.811, and the third questionnaire 0.698 was obtained. At the end, data collected to calculate the research variables are stored in a database such as Excel (field method). For statistical analysis, in order to relationship between sub-hypotheses, used Spearman correlation and for test the main hypothesis, stepwise regression, the least squares method, in 95% confidence level, Coefficient of determination ($R^2$), adjusted coefficient of determination ($\tilde{R}^2$) and size of , if it is p-value < 5%. Confirm the hypothesis (H$_0$) and otherwise (H$_1$) is rejected. Also, in order to set the statistical tables, statistical data analysis, modeling, and drawing diagrams was used Spss software. The study's statistical population consisted of 300 marketers, and food broadcasting companies’ sales managers, health and pharmaceutical in Kermanshah Province which between them were selected 170 as sample with Morgan table for a period of 6 months in 2012.

Data Analysis

Spearman's correlation coefficient was used to test the sub-hypothesis. If the significance level is less than 0.05, we conclude that there is a significant relationship between variables statistically. As shown in Table (2) is visible according data obtained from carried the surveys and analyzes shows amount of out Sig p-value < 5%. So, there is a significant between corporate entrepreneurship orientation and customer loyalty with 95% confidence level. On the other hand, considering that amount of correlation coefficient above in main hypothesis is less than 0/05. These indicate that between corporate entrepreneurship orientation and customer loyalty variables are positive and significant relationship. Level of Correlation between customer loyalty with corporate entrepreneurship orientation = 0.437, which is a positive and medium.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test results</th>
<th>Spearman correlation</th>
<th>Sig</th>
<th>research hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H$_1$</td>
<td>0.437</td>
<td>0.000</td>
<td></td>
<td>There is a significant relationship between trends of corporate entrepreneurship, with customer loyalty</td>
</tr>
<tr>
<td>H$_2$</td>
<td>0.354</td>
<td>0.000</td>
<td></td>
<td>There is a significant relationship between the flexible structures with customer satisfaction</td>
</tr>
<tr>
<td>H$_3$</td>
<td>0.235</td>
<td>0.001</td>
<td></td>
<td>There is a significant relationship between effective organizational climates with customer satisfaction</td>
</tr>
<tr>
<td>H$_4$</td>
<td>0.616</td>
<td>0.000</td>
<td></td>
<td>There is a significant relationship between the supporting culture and stimulating creativity and innovation with customer satisfaction</td>
</tr>
<tr>
<td>H$_5$</td>
<td>7720/</td>
<td>0.000</td>
<td></td>
<td>There is a significant relationship between the ability and motivation of individual employees with customer satisfaction</td>
</tr>
<tr>
<td>H$_6$</td>
<td>2910/</td>
<td>0.000</td>
<td></td>
<td>There is a significant relationship between the customer satisfactions with customer loyalty</td>
</tr>
</tbody>
</table>
**Results of stepwise regression (predictor variable)**

There is a significant correlation between loyalty and satisfaction, and also dimension of entrepreneurial orientation, regression is used to investigate which one of entrepreneurial orientation dimensions is the strongest predictor for satisfaction variable and also assessing effect of satisfaction variable on loyalty.

<table>
<thead>
<tr>
<th>Sig.</th>
<th>Standard error</th>
<th>T</th>
<th>Predictor variables</th>
<th>dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.005</td>
<td>0.089</td>
<td>2.909</td>
<td>flexible structures</td>
<td>customer satisfactions</td>
</tr>
<tr>
<td>0.184</td>
<td>0.100</td>
<td>1.344</td>
<td>effective organizational climates</td>
<td>customer satisfactions</td>
</tr>
<tr>
<td>0.002</td>
<td>0.080</td>
<td>3.249</td>
<td>supporting culture and stimulating creativity and innovation</td>
<td>customer satisfactions</td>
</tr>
<tr>
<td>0.050</td>
<td>0.101</td>
<td>1.997</td>
<td>ability and motivation of individual employees</td>
<td>customer satisfactions</td>
</tr>
<tr>
<td>0.005</td>
<td>0.146</td>
<td>2.946</td>
<td>customer satisfactions</td>
<td>customer loyalty</td>
</tr>
</tbody>
</table>

**CONCLUSION AND RECOMMENDATIONS**

Significant and positive correlation between corporate entrepreneurship orientation and loyalty with 0.437 levels indicates this fact that there is a strong relationship between corporate entrepreneurship orientation and customer loyalty in food, pharmaceutical and health broadcasting company and also according to research findings, customer satisfaction, on loyalty has positive significant effect on customer loyalty, however, it is recommended to increase customer loyalty in broadcasting companies should increase customer satisfaction. In continue the binary relationship each of measuring satisfaction variables with dimensions to corporate entrepreneurship orientation and loyalty with customer satisfaction is considered. Significant correlation between employee satisfaction and motivation and capabilities of individual employees, in broadcasting companies referring to the fact that adequacy and shows diversity of knowledge employees who are doing the work, responsibility, self-confidence and faith in its ability into a mutual and mutually form by employees, employees satisfaction basics of work in broadcasting companies. On the other hand, supporting culture and stimulating of creativity and innovation is also a significant correlation with customer satisfaction. This correlation indicates these importance that incentives and stimulus management systems governing on broadcasting companies to the formation of entrepreneurial behavior of employees; also forming motivational systems, consistent with the principles of corporate entrepreneurship, in broadcasting companies, will increase customer satisfaction. Flexible structure, have positive and medium correlation with their satisfaction. This is indicative of the fact that whatever organizational structure governing on companies was more flexible and non-hierarchical traditional relationships, they can increase amount of customer satisfaction. Similarly, customer satisfaction, with organizational climate has a positive but weak correlation, also according to research findings organizational climate, is not a significant positive effect on customer satisfaction. This could be due to less attention to perception, and the effective organizational climate and instead, more logical and customary attention to issues such as amount of payment of salary of the employees in the broadcasting companies. Finally, customer satisfaction and loyalty have positive correlation together which indicates that consumers are more satisfied they are buying of the center again and have a loyalty to the company. Corporate entrepreneur have significant and positive correlation with broadcasting companies loyalty in Kermanshah. Therefore, it is naturally that in any amount that these companies tend more to these components; their loyalty will improve perspective of consumers. These message is the main suggests and the most important operational achievement this study. This study, the relationship between corporate entrepreneurial orientation and consumer loyalty of companies were assessed in different dimension. Surely, the vacuum of others dimension is felt too, and its can be a good research field for interested researchers.

**REFERENCES**


