

The impact of entrepreneurship and innovation in business performance on commercial banks

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Abstract

Corporate entrepreneurship or entrepreneurship made very important contributions to the theoretical construct of entrepreneurship in large corporations when we talk about “corporate entrepreneurship” or “entrepreneurship”. The population of the study is Jordanian commercial banks. Data collected from a sample of 110 managers. The objective of the current study is to examine and explore how entrepreneurial and innovation affect business performance in Jordanian commercial banks. The study light on the main effects of entrepreneurship and innovation in business performance on Jordanian commercial banks. The results showed that entrepreneurship positively affects on business performance. The researcher has developed deferent guideline to create effective entrepreneurship which leads to high degree for innovation and performance.

Keywords: Jordan, entrepreneurships, innovation, organizational performance, Jordanian commercial banks

1. Introduction

This study focuses on how entrepreneurship and innovation can affect business performance. Entrepreneurship, at both individual and corporate levels, is becoming an integral part of any innovative atmosphere (Bharadwaj and Menon, 2000). Today's companies vigorously striving to become more and more entrepreneurial (Morris et al., 2010).

Creativity or creative process is associated with innovation, which is the new or different method or methods that are out of the tradition used in the work or development of objects and ideas. Researcher argues that entrepreneurship offer a means through which people can break the cycle of poverty. Organizations and entrepreneurs usually try and looking to develop strategy to balance weak knowledge and innovations development processes with fleeting windows of opportunities and find the best way of speeding up knowledge generation.

The concept of innovation is to make a great improvement in strategies, policies, procedures, tools and methods of work and review from time to time to ensure the quality of work. As we can define it: the creation of a new mechanism of action by optimizing the possibilities available to achieve the goal at the lowest cost and as quickly as possible.

2. Literature review

2.1 Definitions of Entrepreneurship

Entrepreneurship researches have studied the individual entrepreneur, the formations of new corporation's ventures, in addition to that the entrepreneurial organizations characteristics. (Antoncic and Hisrich, 2003). An entrepreneurship is one of the important segments of economic growth. Entrepreneurship is responsible for setting up a business or an enterprise. Most of contemporary theories of entrepreneurship and the implication of entrepreneurship, build on contributions, and some theories focused and explain how the innovative entrepreneur is importance as the main vehicle for moving economy forward based on the combinatorial capability of entrepreneurial individuals. (Olsson and Frey, 2002).

2.2 Entrepreneur Characteristics:

Entrepreneur usually must have a technical skills, initiative, and good judgment, should have intelligence, leaders styles, self confidence with energy, attitude, creative, fairness, honesty, and emotional stability. In addition to that, the entrepreneur must have technical knowledge.

The Entrepreneur is characterized by certain characteristics distinguish him from other individuals and the most important of these characteristics are:

1. Prepare to risk that a new project usually involves a certain degree of risk, which is from the beginning of the project through financing the project to completion of the project and the allocation of a certain part of the funds necessary to achieve it. The more the degree of desire to succeed the more inclined to risk The entrepreneur is usually characterized by a tendency to risk as a result of his strong desire to succeed and provide new products and services.

2. Desire to succeed the entrepreneur is defined by the objectives he wants to reach accurately. He works to a degree of success and has a greater degree than the average individual. The degree of importance and responsibility is great for the job and the activity which leads the self-confidence and the ability to solve various problems and deal with them. Better than others and then he accepts the challenge in order to make his activity successful despite his prior knowledge of the mistakes that can occur in him and that is why he is aware of that, knowing that the error is part of the tax business to achieve success

3. Optimism, Entrepreneurs tend to be optimistic. They are not pessimistic. They are aware that failure is an episode of success. This failure can be translated into success and negative thinking. Positive thinking helps to achieve success.

International entrepreneurship today is a growing and important research stream, will offer good opportunity for researchers to employ and integrates theories from different disciplines and draw on established theoretical frameworks. (Carpenter and Gregersen. 2001).

2.3 Innovation performance

Innovation goes through many stages, beginning with tradition, mediating development and ending with innovation. Each stage has its unique characteristics and means to reach beyond.

Performance of innovation, the outputs of a company's efforts and innovative input, has been permanently a crucial concern for modern and new companies (Wang and Lin, 2012).

Therefore, improve innovation performance is critical to an overall understanding of the concept of learning, creativities, as well as innovation within companies (Bharadwaj and Menon, 2000).

Special time should be devoted to innovation in our normal lives. The allocation of sufficient time for innovation is not only at the level of the individual but also at the level of institutions that also include industrial enterprises.

2.4 The relationship between innovation and entrepreneurship

Relationship between innovation and entrepreneurship has been discussed in the literatures for many years. Innovations processes attracted and increased the attentions in recent years (Grupp, 2001, Arora et al., 2002). (Sundbo, 1998) summarized the basic theories of the innovation process identified three models discussions of innovation: (1) entrepreneur model; (2) technology-economics model; and (3) strategic model.

Innovation process is a specific tools of entrepreneurship by which the entrepreneurs usually exploit changes as a good opportunities for a different businesses or services. Researchers suggest that for the organizations it's very important to encourage innovation and entrepreneurship to achieve competitive advantages (Brown et al., 2001). For the innovation and entrepreneurship to success, however, organizations must allocate resources, in addition to be more flexible. Rewards usually must be grantee for entrepreneurial initiatives (Hornsby et al., 2008). Moreover, corporation entrepreneurship will enhance organization performance; results from studies very limited to a certain type of organizations. Organization entrepreneurship studies in the public sector usually limited, in addition to its application among organizations in developing countries is virtually unknown (Short et al., 2009; Kearney et al., 2010). Researches try to document the facts that multinationals from Asian are not fully taking the advantages of organization entrepreneurship and innovation (Tang et al., 2008; Yamakawa et al., 2008).

All studies have confirmed innovation has a positive impact on enterprise performance. Roberts found that in the long run, innovation activities had a positive impact on the ROI of firms after studying the American pharmaceutical industry, Cho and Pucik based on the empirical study of Fortune 1000 companies, concluded that the innovation of enterprises was positively related to the growth and profitability of enterprises.

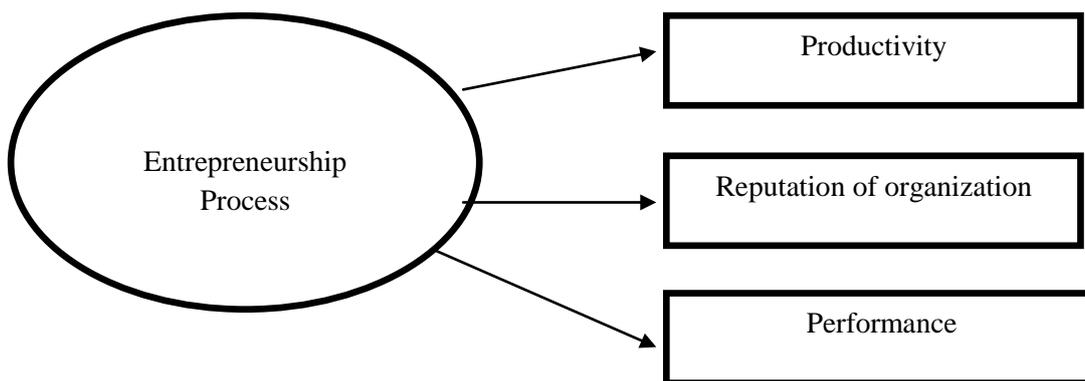
2.5 Organizational Performance

The world has undergone fundamental transformations in all aspects. From management to leadership, from professional and managerial control to customer sovereignty, from controlling or controlling costs to performance management, from increasing the quantity of

outputs to improving the quality of services, from assessing the integrity of procedures to accountability On results and performance levels. The concept of organizational performance is ambiguous, and although there are few studies on it, there are differences in understanding and analysis of its dimensions. Institutional performance is the integrated system of the Organization's work in the light of its interaction with the elements of its internal and external environment. Institutional performance in this concept therefore has three dimensions

1. Performance of individuals in their specialized organizational units.
2. Performance of organizational units within the framework of the Organization's overall policies.
3. The performance of the Organization within the economic, social and political environment. (Daft, R. 2005).

3- Research Models



Source: Researchers' proposed framework

H1: Entrepreneurship and innovation has a statistically significant impact in business performance.

H2 There is a statistically significant impact of entrepreneurship process on the productivity.

H3 There is a statistically significant impact of entrepreneurship process on the Reputation of organization.

4. Methodology

4.1 Data Collection

The population of the study is Jordanian commercial banks. Data collected from a sample of 110 managers'. Primary data were collected using questionnaires addressed to top management of the firms. Respondents selected from lists of employees' usually practice and manage entrepreneurship and work with all required information. The distribution of questionnaires was random by the bank administration department.

4.2 Statistical Analysis

Table (1) Reliability Statistic

Cronbach's Alpha	Cronbach's Alpha with Standardized Items	Number of Items
.842	.753	3

The researcher used Cronbach's Alpha to measure the internal consistency of the study instrument (Questionnaire) it was (.842). Pallant, et al (2009) pointed out that the minimum accepted level is (0.7)

Table (2) Regression and ANOVA

ANOVA						
Model		Sum of Squares	Degree of freedom	Mean Square	F	Sig.
1	Regression	1.069	1	1.069	12.223	.002
	Residual	11.513	89	.097		
	Total	13.682	20			
Dependent Variable: Entrepreneurship						
Independent variable is Productivity						

R=0.27, R.Square= 0.065, Adjust R Square= 0.059, F=12.233. P< 0.05, Beta= 0.30

Table (2) shows the regression is significant with P value less 0.05 significant levels. Therefore, the entrepreneurship has positive impact on productivity; sizes of Standardized Coefficients (Beta) suggest an important relationship.

Table (3) ANNOVA and Regression

ANNOVA						
Model		Sum of Squares	df	Mean - Square	F	Sig.
	Regression	.543	2	.543	5.328	.021
	Residual value	11.146	88	.100		
	Total	11.693	20			
Independent variable: Reputation of organization						
Dep Variable: entrepreneurship						

R=0.21, R Square= 0.043, Adjust R Square= 0.036, F=5.328, P< 0.05, Beta=0.23.

The table (3) shows that the regression is significant with P value less 0.05 significant. Therefore, the entrepreneurship has a positive impact on reputation of organization; sizes of Standardized Coefficients (Beta) suggest important relationships.

Table (4) ANNOVA and Regression

ANNOVA						
Model		Sum of Squares	df	Mean-Square	F	Sig.
	Regression	.422	1	.422	4.428	.022
	Residual value	10.146	89	.100		
	Total	9.682	20			
Independent variable: entrepreneurship						
Dep Variable: Performance						

R=0.21, R Square= 0.043, Adjust R Square= 0.033, F4.428=, P< 0.05, Beta=0.21

The table (4) shows regression is significant with P value less 0.05 significant levels. Therefore, the entrepreneurship has positive impacts on performance; sizes of Standardized Coefficients (Beta) suggest important relationships.

5. Conclusion

The study focus on examining the relationship between innovation and entrepreneurship in business performance on commercials banks. The summary of this study can provide the direction for further research; on the other hand can also help us recognize the mechanism between innovation and enterprise performance, which can improve the performance of innovation. .where the results provide that the entrepreneurship and innovation affect the managerial policy and lead to significantly impact the general performance of banks.

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