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## Organizational conformity as an entrepreneurial response to the changes in internationalization process: A study of IT-oriented firms in Saveh

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### Abstract

*The purpose of this study is to explore the impact of organizational entrepreneurship on organizational adaptation in response to change in the internationalization process. The statistical population of this research is Information Technology Organization of Saveh in 2017, among which 230 people were selected. In this study, the simple random sampling method is used to select individuals. The findings show that cultural policies indicate that international businesses still face difficulties in providing expertise to operate in international markets. The most important factor that an international entrepreneur has pointed to in developing their activities in this dimension is the development of international business networks such as industrial clusters. International entrepreneurs have introduced the impact on customs rules for the creation and running of international businesses as the most important factor of this section. International entrepreneurs in this dimension have given the highest score of the development of export-oriented infrastructures, such as communication technology.*

**Keywords:** Organizational Conformity, International Entrepreneurship, Culture, Technology, Information Technology,

### 1. Introduction

The rapid development of science and technology severely is affected or will be affected by organizations [1]. The need for the creation and management of organizational adaptation in response to a change in the organization has become of a special importance, with the rapid improvement of science and technology and the complexity of the political situation and the social environment. Such a growing trend of organizational change encourages the need for the knowledge and skills necessary for improving and development of the organization. An organizational change does not occur suddenly. The drivers of change usually come from the organization or market's environment. These stimuli include cases such as competitors' bold movements, new technology, and/or government regulation changes. In addition, the

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ineffectiveness of the manager can be a stimulus to change into the organization. The main fixed component of each organization is the changes and challenges faced by the managers of the organization. To handle these changes and challenges, at first, it is needed to identify the change process. Organizations as a whole and individuals, in particular, do not like to hear the word change. In their view, the change contains such unpleasant meanings as dismissal, transfer, and displacement, and a reduction in payments. This change causes the stress and tensions in the workplaces and employees for many people, which makes them stand up against to this phenomenon. Failing of many of the efforts made to change management, and effective their results by integration, improvement, and re-engineering, is due to lack of adequate attention to the tools of adaptive measures with the organization's strategy. Most organizations commit an old mistake and try to resolve these challenges to managerial methods by using differentiating between adaptive challenges and technical issues. The consequences of this mistake extend to the core of the organization's processes, and most of the programs, which seemingly fit, will fail in the implementation, while the main cause of the failure is not properly identified. In this research, the challenges facing management in the insurance industry will be examined in detail based on the organizational adaptation model in response to the changes in Kanto and Graham [1].

On the other hand, international entrepreneurship has been introduced as a new research field for over a decade, e.g. [2]-[6]. The debate about international entrepreneurship is important and necessary from different viewpoints: firstly, the international entrepreneur examines entrepreneurial behavior in different countries and compares them; secondly, it examines the entrepreneurial organizational behavior that extends over the boundaries of a country [7], [7]. Both types of study can teach us a lot about international entrepreneurship in Iran and pay attention to the concept of international entrepreneurship, which means the discovery, action, evaluation, and exploitation of opportunities across national borders in order to the creation of future goods and services [8]. This can be a matter of interest in economic activists and private sector producers as well as researchers interested in international business. Entrepreneurial marketing leads the customers toward the direction of producing new markets instead of only serve the existing markets by combining the infrastructural aspects of marketing and entrepreneurship [10]. Therefore, it can be said that the main core of entrepreneurial marketing thought is that the firm must be able to eliminate its product before others and by its own hands [11]. Some of the proposed ideas of entrepreneurial marketing have already been taken into account in the classical basics of entrepreneurship and marketing [11]-[13]. Indeed, entrepreneurship is being considered as an effective behavior, for creating superior value in the market by leveraging innovation to create a product, process, and strategies that respond better to the needs of customers and stakeholders. Marketing is also the heart of entrepreneurship and the factor of creating competitive advantage in the firms. Some experts believe that two issues of marketing and entrepreneurship by two ways have a common ground. First is when the conditions governing the market have a relative stability and entrepreneurship leads to identifying unknown needs. The second is taking place in dynamic and changing markets, in which entrepreneurs guide the marketing strategy to develop existing needs and discover new needs [11], [15]-[17].

## **2. Literature review**

### **2.1. Entrepreneurial orientation (EO)**

It is referred to the desire or inclination of an individual or an organization to take advantage of new opportunities and undertake the responsibility to create innovative and effective change [18]. Such behavior or preference is known as EO [19], entrepreneurial behavior that is represented within an organization can be linked to EO. This behavior, however, is different from independent entrepreneurship. In the definition of entrepreneurial behaviors, the entrepreneurial organization is the one that engages in the innovation of market products, undertakes risky business and introduces innovation to get ahead of its rivals. This innovation can also be in services and public services. According to Miller's definition, the various dimensions of EO, which are more suited to our analysis in this study, have been identified and used. The dimensions include innovation, risk-taking, and proactiveness (leadership), which will be explained in detail later in this paper. Several studies have investigated the relationship between EO and organizational performance. Although some evidence suggests that entrepreneurship results in improved performance of the organization [19], the results of some empirical studies suggest that there is a weak and even negative relationship between EO and organizational performance [21].

### **2.2. Entrepreneurial management**

Hierarchy and bureaucracy in organizations are transforming into a type of flexible and market-based state administration. This revolution is not a simple change in management style, but a radical transformation in the role of social management and the relationships between government and people. This represents the development of management approach in new government organizations as the emergence of a new scientific field in government agencies, which is referred to as entrepreneurial management by some scholars. As such, the present study examines the dimensions of entrepreneurial management in government organizations.

### **2.3. Strategic orientation**

Strategic orientation is an aspect of the organization that explains factors that direct the development of organizational strategies. A successful manager keeps an eye for opportunities and as he specifies strategies, he should focus his activities on opportunities within the organization, trying to widen his resources beyond what he possesses. In contrast, there are managers who mainly focus on resources and tend to utilize the available resources. Entrepreneurial managers can find opportunities in the new reformulation of old ideas and take advantage of them by adopting an entrepreneurial. A large number of managers believe that the strategic orientation and strategic management facilitate entrepreneurial behavior.

### **2.4. Organizational structure**

Mechanical and organic structures are two opposite ends of a spectrum a combination of which can be found in a variety of government agencies [22]. The size of organizations compels managers to create a specific structure for the purpose of control. Each structure is suited to achieve specific outcomes are under certain circumstances, and the greater is the distance between the top management level and other levels, the more is the chance that the entrepreneurial manager loses its connection with the other levels. This explains why

different levels of entrepreneurship are not guaranteed in an organization [18]. An entrepreneurial organization tends to avoid the mechanical structure and establish organic structure because of the latter promotes innovation and entrepreneurship within the organization. The characteristics of structural aspects of entrepreneurial organizations include lower formality, loose hierarchy, low complexity, low concentration, and professionalism. These features indicate that the organizational structure of entrepreneurial organizations is organic. The organic entrepreneurial structure is characterized by flexibility and transformation, minimum hierarchy, and rules with stress on broadening the horizon.

### 3. Research model

In this study, the United Nations Framework of Entrepreneurship Development Policies for Developing Countries has been used. The choice of this framework has been due to emphasizing the institutions that lead to the development of entrepreneurship in developing countries. In addition, these all three aspects of entrepreneurship policy including development, implementation, and evaluation should always work together and overlap. Since the Iranian economy, based on Global Competitiveness Report, is still in transition from a production-based economy to an effectiveness-based economy, the aim of this study is to investigate the organizational conformity of internationally oriented organization using the proposed research framework (Fig. 1) to examine the most important policies affecting international entrepreneurship and its development in Iran.

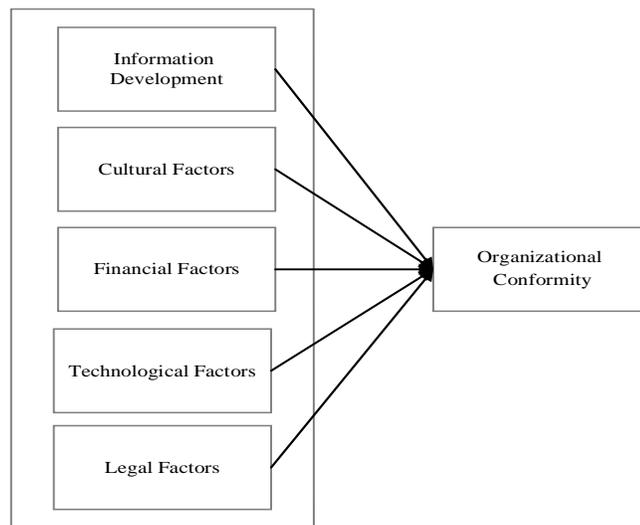


Figure 1. Conceptual framework

### 4. Research methodology

The methodology of the research is applied in terms of purpose; in terms of data collection method is descriptive. The statistical population in this study is 200 employees of Information Technology Organization of Saveh, Iran.

In order to analyse the parameters of this study, we applied SEM approach because it has some characteristics that (i) combines formative and reflective variables, (ii) allows to model the measurement errors, (iii) allows to model relationships between multiple dependent and

independent variables in a single comprehensive analysis; and (iv) it authorize to confront a priori hypotheses and theory[23]-[25].

## 5. Findings

The findings show that cultural policies indicate that international businesses still face difficulties in providing expertise to operate in international markets. The most important factor that an international entrepreneur has pointed to in developing their activities in this dimension is the development of international business networks such as industrial clusters. International entrepreneurs have introduced the impact on customs rules for the creation and running of international businesses as the most important factor of this section. International entrepreneurs, in this regard, have given the highest score of the development of export-oriented infrastructures, such as communication technology.

**Table 1. R2 coefficient for research variables**

<b>Determinants</b>	<b>R2</b>
Cultural	
Training human resources expert for international business	0.81
Training and advice on international market rules and regulations	0.81
Teaching managerial skills such as mastering international languages	0.78
Enabling business advisers to introduce cultural differences to international entrepreneurs	0.73
Providing training to improve attitudes towards risk-taking in entrepreneurs	0.71
Information Development	
Professional communication with entrepreneurs of Supply Chain Industry	0.89
Professional communication with competitors in the foreign and domestic market	0.88
Comprehensive database for information on the economic conditions and markets of target countries	0.81
Development of international business networks such as industrial clusters	0.79
Technology	
Development of export production infrastructure such as telecommunications technology	0.809
Use of electronic tools and technologies for carrying and discharging products	0.805
Facilitating the entry of technology for export production	0.77
Promoting product standardization	0.63
Development of infrastructures to commercialization Ideas and innovations for export production, such as science and technology parks	0.59
Legal	
Get the required export standards	0.75
The impact of intellectual property law for the creation and operation of international businesses	0.79
Guidelines and procedures for the allocation and exchange of currencies	0.64
The existence of a sound and healthy judicial system	0.606

Financial	
Price stabilization in the country	0.72
Grants for credit facilities to foreign customers	0.711
Creation of international specialized business banks	0.69

The research model was developed to examine the relationships between variables as follows:

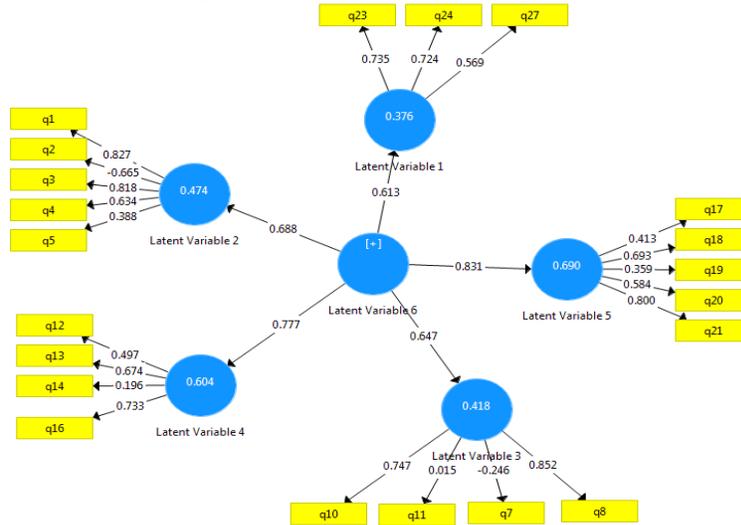


Figure 2. SEM model, coefficients

In addition, T values for the meaningful relationships between research variables are shown in the following figure:

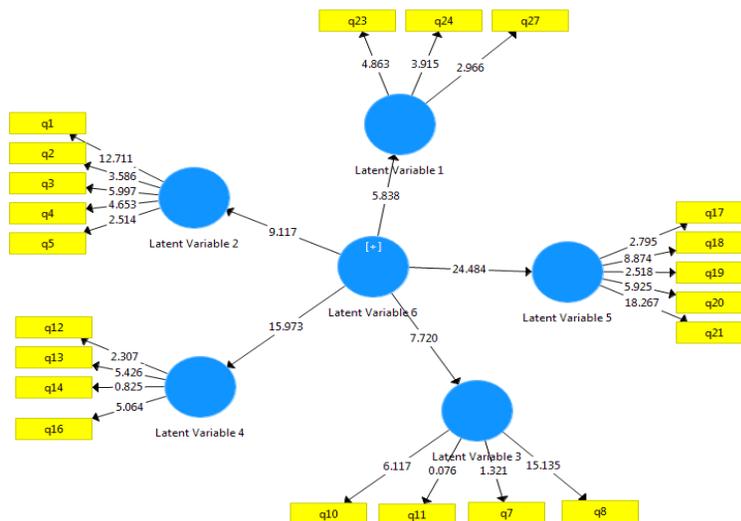


Figure 3. SEM model, T-statistics

**Table 2. Divergent validity evaluation indicator in measurement model**

Determinants	Cultural	Technological	Information Development	Legal	Financial
Cultural	0.832265				
Technological	0.456678	0.877481			
Information development	0.623107	0.621770	0.737218		
Legal	0.631549	0.608188	0.621175	0.908254	
Financial				0.737218	0.611770

Table 3 shows the divergent validity of the Fornel-Larker criterion. The numbers on the diagonal represent AVE and the numbers under-represent the square of the correlation. As shown in Table 3, the AVE value for each construct is greater than the square root of the structure correlation with other structures in the model. Therefore, the divergent validity of the model is verified.

Table 3 summarizes the path coefficients and significant relationships.

**Table 3. Results of path coefficient and T-statistics**

	Hypothesis	Path coefficient	T-Statistics	Result
First	Organizational Conformity-> Cultural	0.56	5.83	Confirmed
Second	Organizational Conformity-> Information development	0.688	9.11	Confirmed
Third	Organizational Conformity-> Technological	0.64	7.72	Confirmed
Forth	Organizational Conformity-> Financial	0.77	97/15	Confirmed
Fifth	Organizational Conformity-> Legal	0.83	24.48	Confirmed

According to the above table, all research hypotheses are confirmed.

## 6. Discussion

This research explored the impact of organizational entrepreneurship on organizational adaptation in response to change in the internationalization process. We found that all influencing factors significantly impact on the organizational conformity for entering the global markets. However, we propose different policies to enhance the performance of organizations in international markets.

- **cultural politics** shows that international businesses continue to struggle to provide the expert to work in international markets. The findings of the study were consistent

with earlier studies that identify skilled labor shortages as a dampening of international entrepreneurial activity.

- **Information development policies:** The most important factor that international entrepreneurs have been addressing to expand their activities in Iran, is the development of international business networks such as industrial clusters. An international entrepreneur calls for increased communication and close contact with its rivals internationally as well as with supplying entrepreneurs. Therefore, the government should focus on expanding and developing international business networks, helping to increase exports by creating industrial clusters of exports and deploying consulting and information centers on international entrepreneurship opportunities.
- **Technological policies:** International entrepreneurs in this dimension have given the highest priority to the development of export production infrastructure, such as telecommunications technology. Today, a large volume of coordination in the direction of the production and sale of goods to international markets is carried out through innovative means of communication such as telecommunication. Therefore, the development of this infrastructure, in particular, according to the United Nations Broadband Development can help to develop international businesses.
- **Legal policies:** International entrepreneurs have introduced the impact of customs legislation on the creation and launch of international businesses as the most important factor in this section. By improving and facilitating these rules, the government can increase the rates of international business. Also, the laws of providing business security such as property rights in the administrative system of the country are showing a failure to observe property rights in the country.
- **Foreign-currency policies:** International entrepreneurs feel the greatest need for financial assistance to boost their companies' turnover; Export turnover capital is one of the oldest factors that have been identified by previous literature. In this regard, the index of preferential interest for international venture capital is also high.

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