

## Identifying Individual Factors and Effective Backgrounds in Distinguishing Social Entrepreneurial Opportunities

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### ABSTRACT

*Social entrepreneurship is one of the most exciting and challenging discussions that has led to numerous achievements last decade. It has attracted the attention of many policymakers, elites, doctors and ordinary people. Opportunity is the main concept of entrepreneurship and studying entrepreneurial opportunities is a key element in this field.*

*The most important question in developing entrepreneurship in the social field is that why and how some people are capable of identifying special opportunities, but some others are not? Thus, the main goal of this paper is to study individual factors and effective backgrounds in identifying entrepreneurial opportunities in the social field. In order to achieve mentioned goal, the research is carried out through a qualitative method via interviewing 15 people who are considered as selected social entrepreneurs in Tehran. These people are chosen by Cooperation, Work, and Social Welfare Organization. 5<sup>th</sup> version of a software program, named ATLAS.TI, was applied to evaluate involving factors in identifying opportunities via theme analysis through a systematic method according to offered pattern of the research. Keywords: Sensitivity toward difficulties, Individual commitment, Social responsibility, Personality features, Prior knowledge and experience, Entrepreneurial intelligence, Social network, Presence of role model.*

### Introduction

Social entrepreneurship has had many achievements last decade and has attracted the attention of many policymakers, elites, doctors and ordinary people. It has regarded as a significant tool to respond to social challenges, when the market and governmental organizations are unable to respond to the society. Social

entrepreneurship also plays a key role when local, national, or international challenges seek for new strategies to oppose probable difficulties. Market and the government are unable to solve all issues by themselves, so new methods are required to respond fundamental social problems. “According to new political ideologies, governments tend not to solve every probable issue that citizens face with.”

Undoubtedly, passing from “Expense economy” to “Generative economy” in all fields is one of the most important concerns of governors in Iran. Developing entrepreneurship and its consequences, like generating wealth, developing technology, and preparing generative occupations, are regarded as an effective strategy to solve the national problems (Entrepreneurship International Conference, Singapore, 2011).

According to Davidson (2003), entrepreneurship is a process to identify new opportunities and put them into practice. On the basis of mentioned definition, it can be concluded that entrepreneurial behavior in the social field is defined as some activities that bring about identifying new opportunities and using them in the social field. On the other hand, Chandler et al. (2002) have shown that there are two fundamental questions in entrepreneurial studies: firstly, when and where can people be aware of opportunities? Secondly, under the influence of which factors are people capable of putting these opportunities into practice? According to researchers, a theory, which has confirmed under certain conditions in a specific environment, may not be applicable in another environment; and a theory can be considered as a plausible one, when it is applicable in various circumstances (Zahra, 2007).

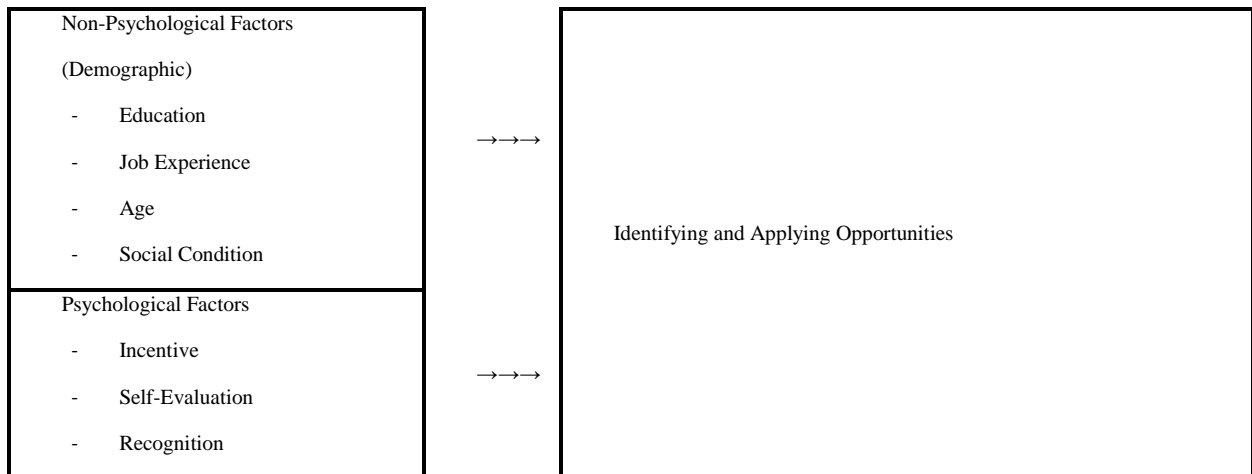
Consequently, it seems that capability of understanding and comprehending opportunities by social entrepreneurs is the first step in developing entrepreneurship in the social field. Therefore, the most significant question in entrepreneurship process is posed as follow:

How social entrepreneurs are capable of identifying entrepreneurial opportunities?

**Literature Review**

In Webster (1979) dictionary, opportunity is defined as a good chance for advancement or progress. Casson (1982) refers to opportunity as every useful situation. Christensen et al. (1989) have defined opportunity as possibility of establishing a new company, or improving the conditions of an old company. According to them, both of these situations bring about a new capability to make a profit. In another study by Dellabarka and Shane (2003), following chart, i.e. chart 1, was suggested after reviewing former literature. The chart represents the effective individual factors in identifying and applying opportunities.

**Chart 1: Effective individual factors in identifying and applying opportunities**



The research literature confirms the fact that availability of information and capability of understanding and interpreting information is the most important factor in identifying opportunities and explains the different capabilities among people (Fuduric, 2008).

**Prior Knowledge and Experience:** According to Fuduric, people with special occupations, mostly in natural and engineering fields, probably comprehend challenging opportunities better. Fiet (2002) believes that the concept of prior knowledge is a fundamental component in creativity. In some studies by Shepherd D. A. (2005), Parker and Jovanovich (2007), it is confirmed that prior knowledge and experience affect positively on people to identify new opportunities.

**Recognition Capabilities:** A study by Kruger N. (2000) showed that people process information in various ways and thinking style of people plays an important role in processing information. According to findings of another study by Shane and Nekatraman (2000), recognition capability in evaluating information is the main difference between the people who distinguish opportunities and the people who do not. Some researchers, like Fuduric (2008), believe that mental patterns are under the influence of prior knowledge of a recognition structure and it helps us to know the universe better.

**Entrepreneurial Intelligence:** Entrepreneurial intelligence was first discussed by Kirzner (1973). Gaglio and Catz (2001) believe that intelligence patterns can be considered as a recognition framework that helps people to be aware of any probable opportunity. According to Ozgen and Baron (2007), the people with developed intelligence patterns seek for accuracy and have more complicated information about the nature of a change, the nature of certain industries, and the nature of social environments.

**Personality Features:** Jones (1986) believed that in recognition of opportunities, two personality features should be considered more than others: "Creativity" and "Optimism". According to Edwards (1968), "Creativity" means creating a new phenomenon. Ray and Cardozo (1996) have defined "Creativity" as the quick capability of recognizing problems and offering a suitable solution. Creativity also can be defined as seeing new and unusual problems, which others cannot see, and consequently offering new, unusual and effective solution for such problems.

According to Kasouf (2002), people who look at failures optimistically, firstly, pass the difficult period of failure; secondly, try to limit the domain of the failure effects; and thirdly, consider the failure as a consequence of their own actions.

And according to Parker S. (2009), the power of people's beliefs in their abilities should be considered as an optimistic efficiency among entrepreneurs that bring about more success. Optimistic entrepreneurs expect to make a bigger profit on the basis of spent expenses, so they try more. As a result, considering all mentioned parts in the research literature, chart 2 can be offered as a primary model of the research.

**Sensitivity toward Difficulties:** People, who take responsibility to others, look at others' problems as his/her own, and give a commitment to respond to problems properly, are able to identify social opportunities better (Fuduric, 2008).

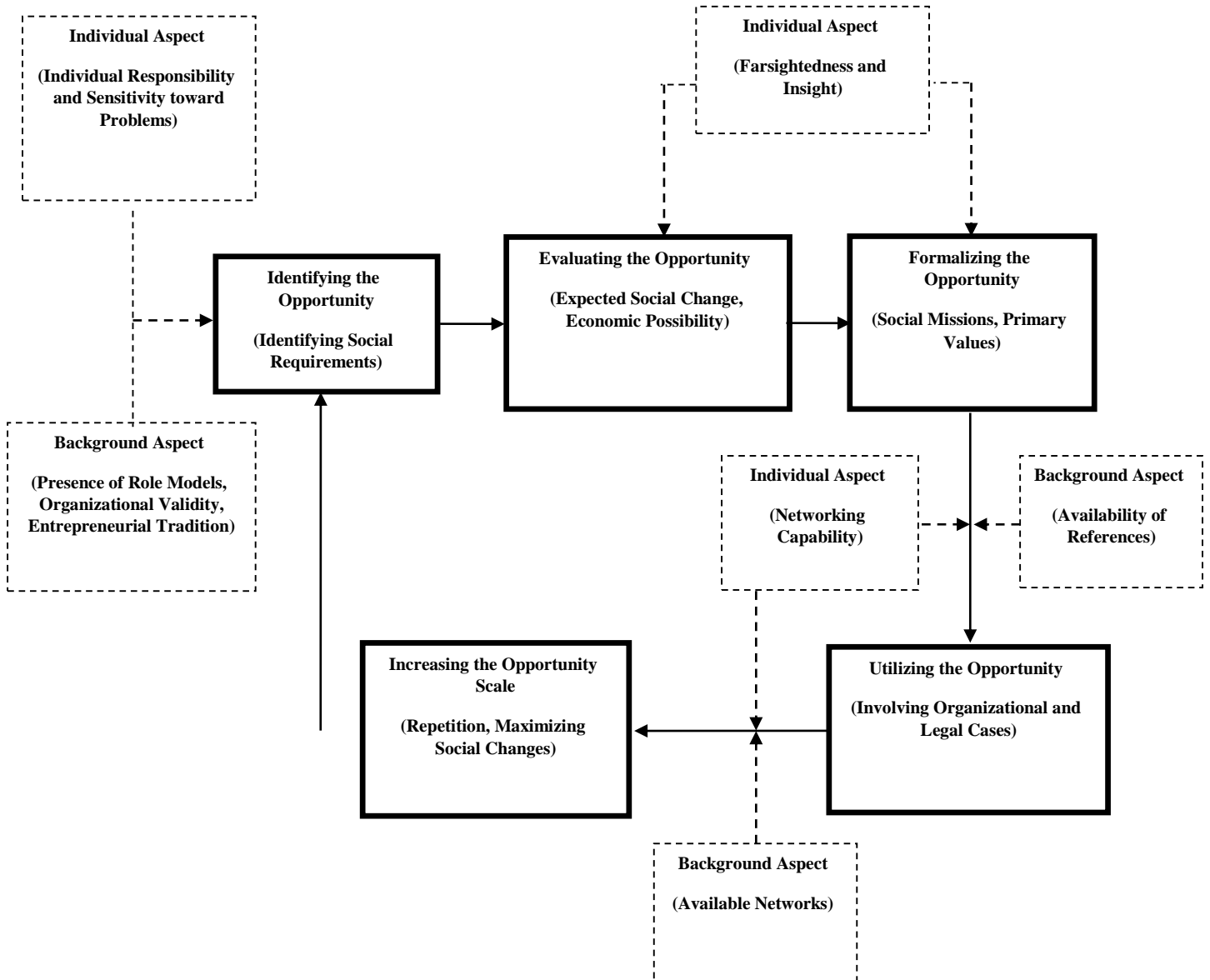
## Effective Background Factors on Identifying the Opportunities

### Social Network

- ✓ Davidson and Honig (2003) believe that the relations and networks are influential factors in extracting the benefits of social structure. Social networks include social sources of information, network structure, relations, and contents.

- ✓ Social availability in networks is referred to as social sources of information (such as, family members, friends, colleagues, etc.) that are applied by entrepreneurs to achieve required information (Ozgen and Baron, 2007)

**Chart 2: Primary conceptual model of the research**



**Presence of Role Model**

- ✓ Presence and availability of some people, who are involving in various social activities and take the responsibility for the poor, plays an important role in persuading and encouraging others to follow their goals. The spouse, parents, and friends, who are doing this, have always been great incentives in this regard (Fuduric, 2008).

**Methodology**

This study was carried out qualitatively. It was tried to identify effective hidden aspects of individual and background factors on distinguishing entrepreneurial opportunities through some interviews. Then, the data were analyzed through “Theme Analysis” method systematically (open coding, axial, selective). Finally, the conceptual model of the research was drawn on the basis of resulted findings in qualitative part and literature review of the research.

In qualitative part of the research, the sample size was determined according to the “Theoretical Saturation”. Consequently, 15 entrepreneurs were interviewed. Also, a targeted sampling was done among the people, who had established a new career in social fields in last five years. Face-to-face interview and evaluating gathered documentary information in interviews was the tool of gathering the data.

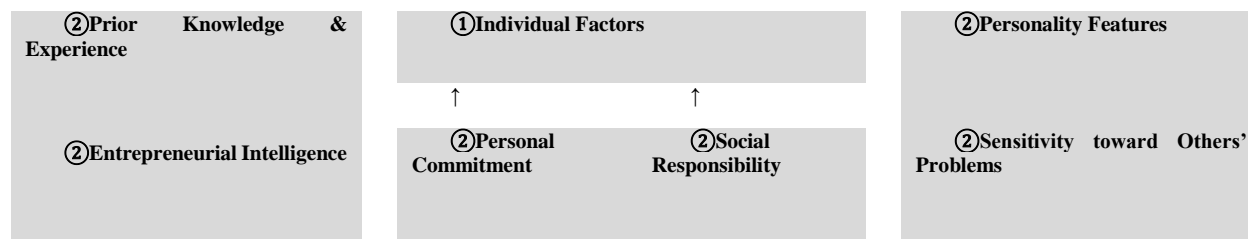
**Table 1: Frequency and percent of frequency in nominal variables**

Variable	Variables’ Conditions	Frequency
Education	Diploma	1
	Bachelor	11
	Master	2
	PhD	1
Gender	Woman	8
	Man	7

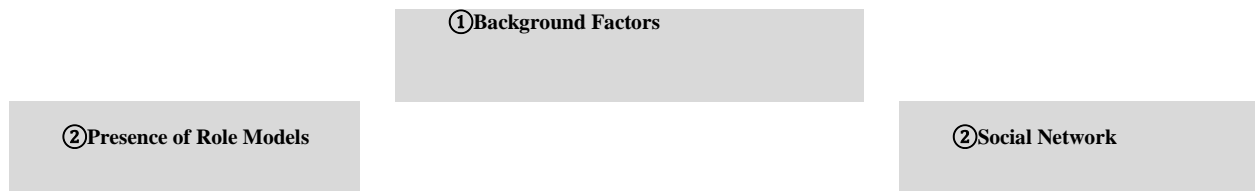
**Operational Variables**

All findings, which are obtained through the literature review and qualitative interviews in this research, are defined in table 2. Finally, a questionnaire was designed on the basis of qualitative studies in order to gather required data, and was applied to evaluate the research variables.

**Chart 3: Effective individual factors on distinguishing social entrepreneurial opportunities**



**Chart 4: Effective background factors on distinguishing social entrepreneurial opportunities**



**Table 2: Operational variables**

Variables	Indices
<b>Personality Features</b>	Having self-confidence and self-efficiency, taking the responsibility for helping the poor, having entrepreneurial thoughts, being idealist, and not being convinced by current situation
<b>Sensitivity toward others' problems</b>	Not being apathetic about others' problems and taking the responsibility, sensitivity toward current difficulties and limitations in the society and identifying entrepreneurial shortcomings
<b>Taking social responsibility</b>	Taking responsibility for solving the problems of the poor honestly, considering the consequences of ignoring such problems
<b>Personal commitment</b>	Volunteering to help the poor, providing the people, who have recently experienced a serious difficulty, with incentives and educating them to follow certain values, which are defined in the institution, informing other people in the society about the problems that poor people face with in the society
<b>Entrepreneurial intelligence</b>	Sensitivity toward environmental changes, searching in new sources of information actively, sensitivity toward new ideas, having an inner feeling of potential opportunities
<b>Prior knowledge and experience</b>	Education and experience of people, products and services for establishing a new career in the social field
<b>Social network</b>	Presence of family members, friends, colleagues and all other people who are connected to you
<b>Presence of the role model</b>	Social entrepreneurs, whose biography might be a useful help in identifying new ideas

**Table 3: Kronbach Alpha**

No	Variables	Alpha Index
1	Distinguishing the Opportunity	0.78
2	Social Networks	0.70
3	Entrepreneurial intelligence	0.81
4	Personality features	0.96
5	Prior knowledge and experience	0.93
6	Sensitivity to others' problems	0.76
7	Social responsibility	0.81
8	Personal commitment	0.87
9	Social network	0.96
10	Presence of role model	0.95

## Research Findings

### Results of Qualitative Part

Results of qualitative part (the table) showed that social entrepreneurs try to have access to information through studying and gaining some experience in order to increase their capabilities to comprehend and interpret information better, and consequently distinguish new opportunities in business and occupation. Collecting more information, especially through expanding the social network, leads to creating more recognition patterns and increasing the capabilities to collect new information in the social field. In table 5,

the findings of this part, i.e. qualitative, are compared with the literature review. Clearly, the literature review confirms the findings of qualitative part.

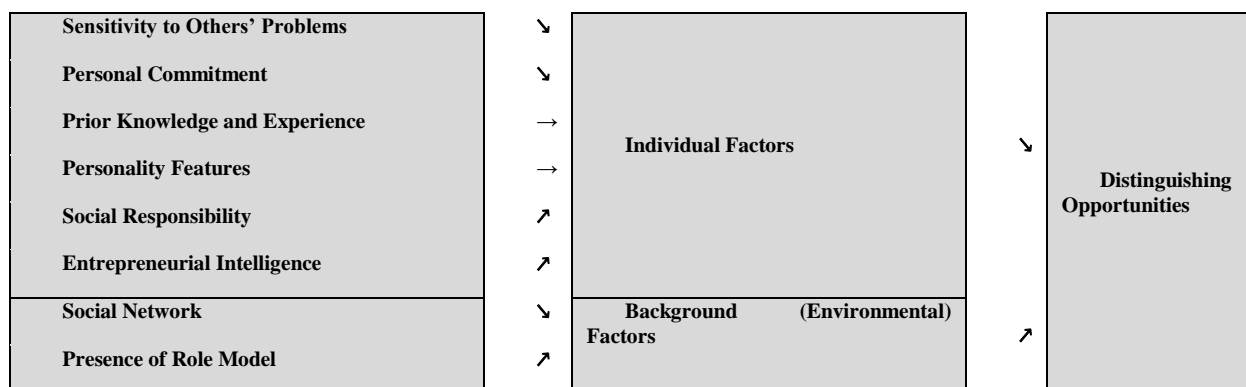
**Table 4: Pivotal coding and prioritizing effective individual factors on identifying opportunities**

No	Variables	Frequency
1	Personality features	12
2	Sensitivity to others' problems	8
3	Social responsibility	7
4	Personal commitment	7
5	Entrepreneurial intelligence	6
6	Prior knowledge and experience	5
7	Social network	9
8	Presence of role model	7

**Table 5: Comparing findings of qualitative part with the literature review**

Findings of qualitative research	Conformity to findings of former studies	Result
Prior knowledge and experience of people affects their recognizing capabilities	Arnios (2005), Baron (2007), Fuduric (2008)	Confirmed
Prior knowledge and experience of people increases their entrepreneurial intelligence	Baron (2007), Ozgen and Baron (2007)	Confirmed
Prior knowledge and experience expands social network	Parker (2009)	Confirmed
Prior knowledge and experience of people affects the personality features of entrepreneurs	Simon (1996), Kneller (1990), Bandora (1989), Whastger (1998), Shane (2000)	Confirmed
Personality features increase entrepreneurial intelligence	Stevenson et al. (1985), Gaglio and Catz (2001), Dewitt and Vandwinden (1989)	Confirmed
Personality features of people expand their social network	Ozgen and Baron (2007)	Confirmed
Recognition capabilities of entrepreneurs bring about identifying opportunities	Fuduric (2008), Shane and Venkatraman (2000)	Confirmed
Sensitivity to difficulties bring about identifying various social opportunities	Fuduric (2008)	Confirmed
Personal commitment brings about sensitivity to difficulties that leads to identifying opportunities	Fuduric (2008)	Confirmed

**Chart 5: Final conceptual model of the research**



**Results and Discussion**

Generally, results show that “personal commitment” and “social responsibility” are more effective than “sensitivity to difficulties”. On the other hand, “personality features”, “entrepreneurial intelligence” and “prior knowledge and experience” of entrepreneurs affect the availability of information and recognition

capabilities that bring about comprehending and interpreting information. Presence of “social network” affects people’s viewpoint deeply and help them to distinguish different opportunities. Using the experience of “Role models” is a key element in this regard. It helps us to predict probable problems and not to repeat ordinary mistakes. This study confirmed that there is no difference in variables between various social environments in different countries. Offering effective individual and background factors on the process of identifying opportunities is the most important achievement of this research. It helps researchers, policymakers and social managers to consider mentioned factors seriously and be aware of their effects as the first and most important step in the process of entrepreneurship. It helps them to make more suitable decisions to develop entrepreneurship in the social field. Developing individual and background factors can improve the conditions of entrepreneurship in Iran. Developing technological, occupational, and generative aspects of every society and solving parts of potential and probable problems depend on mentioned factors.

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