Entrepreneurial Orientation and Customer Satisfaction in Institutes of Higher Education

Vahideh Tabasi Lotfabadi*

Management, Tabaran Institute of Higher Education, Mashhad, Khorasan Razavi, Iran.

ABSTRACT

This study was conducted with the aim to study entrepreneurial orientation factors on customer satisfaction in institutes of higher education in Mashhad. The research was applied in terms of objective and descriptive-correlational according to collected data method. The statistical population of the study consist of 42300 customers in institutes of higher education in Mashhad, and they were selected by stratified sampling method according to Morgan table for infinitive population. A valid questionnaire was exploited to collect data; and its reliability was confirmed by Cronbach’s alpha. Statistical SPSS software was used as the data analysis tool. Findings reveal that innovation, proactiveness and organizational factors, as entrepreneurial orientation factors, have positive effect on perceived value and risk taking has negative effect on perceived value, and perceived value leads to customer satisfaction.

Keywords: Entrepreneurial Orientation, Perceived Value, Customer Satisfaction, Institute of Higher Education

1. INTRODUCTION

Unfortunately, all universities in Iran spend a little time in receiving the ideas of their students due to some problems and lack of time. They were not successful in creating a suitable base for moving in it consequently, plans are not determined correctly or the efforts are not having any result. Students' satisfaction depends on their personal perception, offering effective services and also educational facilities which were provided by the institute and at last covering their needs to a great extent. Totally, it can be said that students' satisfaction of the institute can affect their attitude towards their major and in creating motivation and improving educational quality. As a result, constant evaluation of customer satisfaction in order to make a correct policy in achieving academic success and improvement in making the institute alive in the competitive environment.

Customer satisfaction plays a crucial role in achieving long term goals of an organization and gaining profit. Furthermore, due to the competitive environment, customer satisfaction becomes more important. Consequently, companies attempt to attract customer satisfaction. In more organizations, customers or clients’ satisfaction has been defined as covering customers' needs. Organizations can manage their customers' needs by creating valuable products and offering services regards to customers' opinion.

In the past, conventional marketing was used in covering customers' needs because the environment was predictable and organizations had an ability in predicting customers' needs based on regulations but nowadays organizations should go beyond conventional marketing because they need long term profit which is not covered just by covering customers' current needs and wants. Customer satisfaction process requires innovation, risk taking, pro activeness

*E-mail: v.tabasi@gmail.com
and also some organizational factors in identifying potential needs of a customer. These four factors (innovation, risk taking, pro activeness and also some organizational factors) have been defined as entrepreneurial orientation factors (Miles and Darooch, 2006).

Today, since there are improvement of the number of state universities such as Azad universities and also institutes of higher education, provide for students to have more options in choosing the place of their education. As a result, the students attempt to locate places which can cover their needs and wants better or even go beyond their needs. All universities and institutes of higher education also know that they won’t be alive anymore if they cannot attract more students. Recent studies about customer satisfaction show that customer satisfaction is a crucial factor in gaining competitive advantage, long term success and profitability of an organization. Satisfied customer is the best advertisement for attracting more students and also the cost of keeping the existing customers in higher levels of education is less than attracting the new ones. Moreover, attracting new customers have a lot of disadvantages like different cultures of students. Consequently, all researchers and chiefs of all universities seek to discover a group of factors which can be effective in attracting more students for their universities. Although a lot of factors have been identified such as space of the university, place of university, number of students, number of lecturers and etc., there has not been any research which has studied the effect of entrepreneurial orientation factor on satisfying students which will be studied in the research.

2. THEORETICAL PRINCIPLES

2.1 Entrepreneurial Orientation

Entrepreneurial orientation provides a useful framework for understanding and doing entrepreneurial activities in an organization and create a strategic orientation in an organization (Zahra and Dess, 2010). In last year’s the concept of entrepreneurship moves from personal level to organizational level and the most common concept which was employed in entrepreneurial analysis in organizational level is entrepreneurial orientation (Covin and Slovin, 1991). Lin et al., (2010) and Miles and Darooch (2006) identified risk taking, innovation, organizational factors and pro activeness as entrepreneurial orientation factors. Entrepreneurial orientation in fact is a process, practice and activity which introduce a new product and service which are different from others (Naldi et al., 2007; Garcia-Morales et al., 2006; Lumpkin and Dess, 1996). Entrepreneurial orientation includes all processes, efforts and decisions which leads to entering new businesses which is related to a group of demographic characteristics, values, believes and the way of thinking of individuals and have a lot of effect on motivation of people in entrepreneurial process (Dess and Lumpkin, 2005).

2.1.1 Innovation

In Economic theory of evolution, it is near to a century that innovation has been identified as propulsion of growth and economic development. Innovation includes using all information and innovations in using resources optimally. Innovation means designing a new product of way which leads to positive effect (Garsia and Calantone, 2002). According to all above innovation defines as creating knowledge and new ideas in applying and facilitating new businesses, targeting to improving processes and internal commercial structures and creating new products and services. As a result, innovation includes both development innovation and root innovation (Chen et al., 2004).
2.1.2 Risk Taking

Nowadays, risk management is a new notion (Voss et al., 2005). Word of risk is used in an organization when organizations and companies face unknown issues in the environment (Gonzalez-Benito et al., 2009). Chang et al., (2007) emphasized that risk taking refers to the sources which have the highest return.

Gurbuz and Aykol(2009) believed that risk taking and entrepreneurial behavior based on Wince-Smith (2005) and Borgelt and Falk (2007) are similar concepts and also risk taking is vital for innovation and change which are main parts of entrepreneurial marketing. If a company will be able to tolerate risk taking factor, the company can be named risk taker (Bryson et al., 2000). These companies have some theories about measuring and testing risk (Fang et al., 2009).

When risk and risk taking companies are discussing, environment becomes so crucial (Tchankova, 2002). In other words, companies should be able to perceive risk in companies (White, 1995). In order to have a correct perception of risk in order to control better, companies should know better (Williams et al., 2006; Burnaby and Has, 2007). Finally, Chang et al.,(2007) found the total effect of risk on organizations' outcome.

2.1.3 Pro Activeness

There have been conducted a lot of researches which introduce pro activeness as one of important factors of entrepreneurial marketing factors (Wiklund and shepherd, 2005; Voss et al, 2005; Todorovic and Ma, 2008). Although pro activeness is so important, finding literature review about it is difficult (Sandberg, 2007). Pro activeness can make demand by exploiting opportunities in order to make the control of competitors (Lumpkin and Dess, 2001, Gurbuz and Aykol, 2009). Fang et al., (2009) believed that a company is able to predict its customers’ needs through pro activeness and also has a reaction in front of the future problems. Consequently, a company has an opportunity to create competitive advantage because the company is the first place to work out new things (Etenbang et al., 2010). Moreover, being proactive helps the company to have the ability of accepting new challenges compared to competitors in order to make better situation in marketplace (Lumpkin and Dess, 2001; Fang et al., 2009).

Pro activeness includes activities like finding new opportunities, evaluating them, control market and shaping a team for new business (Lumpkina and Dess, 2001). As Schwartz et al.,(2005) mentioned, identifying opportunities is the main point of entrepreneurial process.

2.1.4 Organizational Factors

There were various researches about the relationship between R&D team and innovation (Gopalakrishnan and Damanpour, 1997; Gattiker and Ulhoi, 1998) and also the relationship between innovation and middle managers (Nijstad and Dreu, 2002; Amabile et al., 2004) but there have no research about the relationship between innovation and employees (Kesting and Ulhoi, 2010). Furthermore, as employees are vital for an organizations (Bakker and Demerouti, 2008; Herstein and Mitld, 2008), using employees’ ideas can be an option for creating new ideas which can be fabulous for the company (Kesting and Ulhoi, 2010). It is better that managers will be able to make an environment that all employees feel there is not any limitation for them in making ideas which is called employee autonomy (O'Dwyer et al., 2009).

Generally, Kesting and Ulhoi (2010) believed that there are two main groups in companies which includes managers and employees. Researchers believed that managers are responsible in making decision in variable and innovative environments. The researchers also found that
employees give feedback to managers if they face a lack of knowledge in the field (Feldman, 2003). Which can be a good starting point for new businesses (Henderson and McAdam, 2001). In fact employees are the source of ideas (Kesting and Ulhoi, 2010) although they do not play a key role in next steps of making decisions (Kesting and Ulhoi, 2010).

Researchers also consider that social environment have effect on creativity of a company (Amabile et al., 1996). Companies’ goals, functions and supports have a positive effect on employees feeling in creating ideas in independent environment (Mclean, 2005). In the past, managers’ perception about the level of danger of employees was crucial for managers’ autonomy and also the effect of accepting failure by organization (Kesting and Ulhoi, 2010).

Some researchers who believed that the way of working and organizational culture are important for entrepreneurial marketing (Hisrich and Drnovesk, 2002; Zhou et al., 2005) pointed out that if an organization wants to be innovative an entrepreneurial, it should try to have the way and culture of entrepreneurial marketing.

2.2 Customer Satisfaction

Undoubtedly, customer satisfaction is one of important notions in the last decade. Nowadays, customers make an organization alive and companies cannot be indifferent about their needs and wants. They should focus on their abilities and activities in order to make their customers more satisfied because the only resource that brings the investment back are customers. Consequently the first thing in today’s businesses is making value for customers (Hills et al., 2009).

Oliver (1980) defined customer satisfaction as different between customers’ expectations before consuming a product or service and the real experience of consumption. The word of satisfaction means being successful which a customer feel after a communication with a company. As a result, according to, satisfaction is a determinant for customer loyalty. On the other hand, (Jones & Sasser, 1995) found that customer satisfaction does not lead to customer loyalty. It is assumed that the amount of customer satisfaction is not as same as customer loyalty and satisfaction just covers %37 of loyalty. Although each successful marketer attempt to make their customers satisfied, it is not the only goal. Companies cannot ignore other goal such as competitive advantage. Customer satisfaction has a lot of advantages and high level of customer satisfaction leads to more loyalty of customers. Long term benefit depends on having good customers and not just only attracting new customers. Satisfied customers try to distribute positive oral advertisement which can reduce the cost of attracting new customers.

2.3 Empirical Research Background

<table>
<thead>
<tr>
<th>Researcher Name</th>
<th>Year</th>
<th>Subject</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phyra Sok</td>
<td>2017</td>
<td>Entrepreneurial orientation and small service firm performance through marketing resources and marketing capability: A moderated mediation model&quot;</td>
<td>It was found that there is a positive meaningful relationship between entrepreneurial orientation and performance in small offering services companies which moderate marketing.</td>
</tr>
<tr>
<td>Hadian &amp; Tabasi</td>
<td>1395</td>
<td>On the effect of entrepreneurial marketing elements on customer satisfaction and loyalty in Mellat banks</td>
<td>Results show that entrepreneurial orientation factors include innovation, risk taking, pro activeness and</td>
</tr>
</tbody>
</table>
organizational factors have effect on customer satisfaction and also customer satisfaction has effect on customer loyalty. The results illustrates the positive meaningful relationship between entrepreneurial orientation factor on service performance and innovation has the most effect. The results show that students are satisfied from behavior but they are not satisfied from information technology system.

2.4 Research Conceptual Framework

![Figure 1. Research framework.](image)

2.5 Research Hypotheses

**H1**: First hypothesis: Entrepreneurial orientation factors have effect on perceived value of Tabaran institute of higher education student.

**H2**: Second hypothesis: innovation has effect on perceived value of Tabaran institute of higher education student.

**H3**: Third hypothesis: risk taking has effect on perceived value of Tabaran institute of higher education student.

**H4**: Fourth hypothesis: pro activeness has effect on perceived value of Tabaran institute of higher education student.

**H5**: Fifth hypothesis: organizational factors have effect on perceived value of Tabaran institute of higher education student.

**H6**: Sixth hypothesis: perceived value has effect on customer satisfaction of Tabaran Institute of higher education.
3. METHODOLOGY

The research methodology is descriptive and hypotheses were tested according to the relationship of conceptual model. In order to collect data in the research a questionnaire (includes 58 questions in 6 groups) and Likert- scale was exploited. Content validity and confirmatory factor analysis were utilized. Cronbach’s Alpha was used to test reliability which shows that the questionnaire is valid and reliable enough. Probability sampling was used according to the number of sample based on Morgan Table. Population were all students of the institute of higher education in Mashad which is about 42300 and based on Morgan table the sample becomes 390. Lisrel, Excel, SPSS software were exploited.

Table 2 Evaluation of different parts of a questionnaire and Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Section</th>
<th>Number of items</th>
<th>Measurement scale</th>
<th>Cronbach’s alpha value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic characteristics (sex, age, education, major)</td>
<td>-</td>
<td>Based on nominal and distance scales</td>
<td>-</td>
</tr>
<tr>
<td>innovation</td>
<td>9</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.872</td>
</tr>
<tr>
<td>Risk taking</td>
<td>12</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.847</td>
</tr>
<tr>
<td>Pro activeness</td>
<td>9</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.816</td>
</tr>
<tr>
<td>Organizational factors</td>
<td>11</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.912</td>
</tr>
<tr>
<td>Perceived value</td>
<td>8</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.915</td>
</tr>
<tr>
<td>Students’ satisfaction</td>
<td>9</td>
<td>5-point Likert scale (1=very low to 5=very high)</td>
<td>0.908</td>
</tr>
</tbody>
</table>

4. FINDINGS

Based on results of descriptive statistics, demographic data in Table 3 reveal that most students are about 56.1% which are female. Furthermore, most students which are about 54.3% are between 20-25. It should be mentioned that most students, about 70.4%, are studying bachelor and about 30.4% of students are studying accounting and auditing.

Table 3 Demographic variables

<table>
<thead>
<tr>
<th>Sex</th>
<th>Age</th>
<th>Level of education</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>female</td>
<td>220</td>
<td>52</td>
<td>39</td>
</tr>
<tr>
<td>male</td>
<td>172</td>
<td>213</td>
<td>276</td>
</tr>
<tr>
<td></td>
<td>Less than 20</td>
<td>associate</td>
<td>Electronic engineering</td>
</tr>
<tr>
<td></td>
<td>Between 20-25</td>
<td>bachelor</td>
<td>Auditing and accounting</td>
</tr>
<tr>
<td></td>
<td>Between 25-30</td>
<td>master</td>
<td>Computer engineering</td>
</tr>
<tr>
<td></td>
<td>More than 30</td>
<td></td>
<td>Articature engineering management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Civil engineering</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Psychology</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>English</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other engineering</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>others</td>
</tr>
</tbody>
</table>

As mentioned earlier, there are a lot of indices to determine model suitability. Some of these indices are mentioned in Table 4.
As it can be seen in table 4, according to indices and outcome of Lisrel software it can be considered that data is based on model and generally it can be said that the model is good enough.

4.1 Interpretation of First Hypothesis Test Results

Based on Table 5, the first hypothesis was confirmed and according to results, because meaningful level for the effect of innovation on perceived value is 2.74 which is more than 1.96, it can be assumed that innovation has effect on perceived value according to confidence level of 95%. Moreover, because path coefficient is 0.24 and positive, it can be said that innovation has positive meaningful effect on perceived value.

### Table 5 Results of statistics hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Studied relationship</th>
<th>$t$</th>
<th>Standard error</th>
<th>$p$-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Innovation $\rightarrow$ Perceived value</td>
<td>2.74</td>
<td>0.088</td>
<td>0.24</td>
<td>confirmed</td>
</tr>
<tr>
<td>H2</td>
<td>Risk taking $\rightarrow$ Perceived value</td>
<td>0.41</td>
<td>0.11</td>
<td>0.044</td>
<td>Not confirmed</td>
</tr>
<tr>
<td>H3</td>
<td>Pro activeness $\rightarrow$ Perceived value</td>
<td>8.02</td>
<td>0.06</td>
<td>0.48</td>
<td>confirmed</td>
</tr>
<tr>
<td>H4</td>
<td>Organizational factors $\rightarrow$ Perceived value</td>
<td>3.14</td>
<td>0.075</td>
<td>0.23</td>
<td>confirmed</td>
</tr>
<tr>
<td>H5</td>
<td>Perceived value $\rightarrow$ Customer satisfaction</td>
<td>13.85</td>
<td>0.067</td>
<td>0.92</td>
<td>confirmed</td>
</tr>
</tbody>
</table>

4.2 Interpretation of Second Hypothesis Test Results

Based on Table 5, the second hypothesis was not confirmed and according to results, because meaningful level for the effect of risk taking on perceived value is 0.41 which is less than 1.96, it can be assumed that risk taking do not have effect on perceived value according to confidence level of 95%.

4.3 Interpretation of Third Hypothesis Test Results

Based on Table 5, the third hypothesis was confirmed and according to results, because meaningful level for the effect of pro activeness on perceived value is 8.02 which is more than 1.96, it can be assumed that pro activeness has effect on perceived value according to
confidence level of 95%. Moreover, because path coefficient is 0.48 and positive, it can be said that pro activeness has positive meaningful effect on perceived value.

4.4 Interpretation of Fourth Hypothesis Test Results

Based on Table 5, the fourth hypothesis was confirmed and according to results, because meaningful level for the effect of organizational factors on perceived value is 3.14 which is more than 1.96, it can be assumed that organizational factors has effect on perceived value according to confidence level of 95%. Moreover, because path coefficient is 0.23 and positive, it can be said that organizational factors have positive meaningful effect on perceived value.

4.5 Interpretation of Fifth Hypothesis Test Results

Based on Table 5, the fifth hypothesis was confirmed and according to results, because meaningful level for the effect of perceived value on customer satisfaction is 13.85 which is more than 1.96, it can be assumed that perceived value has effect on customer satisfaction according to confidence level of 95%. Moreover, because path coefficient is 0.92 and positive, it can be said that perceived value has positive meaningful effect on customer satisfaction.

5. CONCLUSIONS AND SUGGESTIONS

According to the results of t-student, the first sub- hypothesis which was tested the effect of innovation on perceived value of services in institutes of higher education in Khorasan-e-Razavi, absolute value of t is 2.74 and more than 1.96 which reveal that innovation has meaningful effect on perceived value of students. Because Gamma factor is positive (+0.94), it can be mentioned that innovation has positive effect on perceived value of students from services. The result is as same as the research of Hadian and Tabasi (1395) and Sascha Kraus (2011).

Moreover, based on the results from t student, the second hypothesis which was tested the effect of risk taking on perceived value of services in institutes of higher education in Khorasan-e-Razavi, absolute value of t is 0.41 and less than 1.96 which show that risk taking does not have meaningful positive effect on perceived value of students. The result is vice-versa the research of Hadian and Tabasi (1395) and Sascha Kraus (2011).

According to the results of t-student, the third sub- hypothesis which was tested the effect of pro activeness on perceived value of services in institutes of higher education in Khorasan- e-Razavi, absolute value of t is 8.02 and more than 1.96 which reveal that pro activeness has meaningful effect on perceived value of students. Because Gamma factor is positive (+0.48), it can be mentioned that pro activeness has positive effect on perceived value of students from services. The result is as same as the research of Hadian and Tabasi (1395), Sascha Kraus (2011) and Phyra Sok (2017).

Furthermore, based on the results of t-student, the fourth sub- hypothesis which was tested the effect of organizational factors on perceived value of services in institutes of higher education in Khorasan-e-Razavi, absolute value of t is 3.14 and more than 1.96 which reveal that organizational factors has meaningful effect on perceived value of students. Because Gamma factor is positive (+0.23), it can be mentioned that organizational factors has positive effect on perceived value of students from services. The result is as same as the research of Hadian and Tabasi (1395), Sascha Kraus (2011) and Phyra Sok (2017).

Finally, according to the results of t-student, the fifth sub- hypothesis which was tested the effect of perceived value on customer satisfaction of services in institutes of higher education in Khorasan-e-Razavi, absolute value of t is 2.74 and more than 1.96 which reveal that perceived
value has meaningful effect on customer satisfaction of students. Because Gamma factor is positive (+0.92), it can be mentioned that perceived value has positive effect on customer satisfaction of students from services. The result is as same as the research of Malek et al. (2010), Sascha Kraus (2011) and Phyra Sok (2017).

The results of the research is applied regards to organizational strategies for institutes of higher education which try to maximize students' satisfaction in order to keep and attract students. Based on the results of the research, if institutes will be able to use update technology like various communication ways such as social networks, SMS and students' portals and also have innovation in the way and also can offer suitable services are more successful in attracting students. The results also reveal that employees of institute of higher education should have enough knowledge to guide students. In order to cover the aim, all employees from each department should be able to response students from other parts or there will be an agent for each part who can answer all questions about the part. In order to choose the best person in the field, it should be better that the agent will be elected by human resource part.

Based on the fact that risk taking hypothesis did not confirmed, it reveals that classes with less students, also existence of some majors with few students and ability of the institute to allocate some loans and discount for students that cannot cover their expectations. It is possible that this happens due to being same to other institutes and it is not something innovative and creative. Students do not consider it as any special service. Regards to the findings that organizational factors have effect on perceived value, if institutes can employ experts, they will be more successful in gaining perceived value of students about services. Moreover, it can be a point that employees become available in working hours and it will be better that they will become available in non-working hours. Also it is suggested that if the agent will be absent in some hours or if they will be off, another person is introduced as its substitute and it also be noticed on website. It also suggests that if a student perceived value of services, it can suggest the institute to others and choose the institute as place to further his/her education which can be the best guarantee for making an organization alive.

REFERENCES


