

The Creation of Small and Medium-Sized Sport Enterprises and the Environmental Factors Affecting It

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DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v3-i5/112>

Published Date: 26 May 2013

Abstract

Small and medium-sized enterprises are very basic solutions for the development of a country; therefore, it is important to understand the factors involved in their creation. Hence, this study sought to examine the relationship between environmental factors and creation of Small and medium-sized sport enterprises. The research population was small and medium-sized sport enterprises (1500 companies); their owners / managers were selected as the research sample (n = 258) by simple random sampling. Data were gathered using environmental factors ($\alpha=0.77$) and enterprises creation qualification ($\alpha=0.81$) questionnaires. Descriptive and inferential statistics (Pearson correlation coefficient, Kolmogorof - Smirnov test, and multivariate regression analysis) with SPSS16 software was used for data analysis. The results showed that in addition to positive and significant relationship with business, environmental factors could predict 6% of the creation variance; Also, except for the political dimension, all environmental aspects established a significant relationship with enterprise creation($p<0.01$). Regression analysis showed that of environmental dimensions, economics and technology dimensions could explain 7 percent of Sports enterprise creation variance. According to path analysis method, this prediction ability is presented in a model. The findings suggested a diminished role of environment and its

dimensions in explaining the process of SMEs creation.

Key words: creation, small and medium-sized enterprises, sports, environmental factors.

Introduction

Several factors are involved in the creation of small and medium-sized enterprises and entrepreneurial growth which favorable business situation is one of them. In this regard, entrepreneurship research has shown that environmental conditions such as cultural - social, legal, political and technological factors have positive or negative effect on entrepreneurship development (Dickens and Fryl, 2003). Also, Bahrami & Ivanze (1995) stated that as the ecosystem of institutions, enterprise capital, social capital and entrepreneurial spirit, rich and entrepreneurial environment reduce the problems of establishing a new company. Also, a supportive environment encourages entrepreneurs to pursue enterprise opportunities. In this regard, Kolorid and Abloj (1994) stated that a supportive environment full of resources is very important in the decision of entrepreneurs to pursue a business opportunity. Hence, the researchers believe that environment plays an important role in understanding the formation of an Institute and new companies need some sort of external resources and information for survival (Mazarol et al, 1999). Accordingly, many studies and models have pointed to environmental characteristics to explain a business process.

For example, five main environmental factors affecting business start-up have been indicated by Specht (1993): social; economic; political; infrastructure development and market emergence factors. Within the social environment, the impact of networks is of particular importance. So too is the support of socio-political elites, along with cultural acceptance. The economic environment studies focus on capital availability, aggregate economic indicators, economic recessions and unemployment. The political environment concerns mainly the support of public or semi-public agencies. Infrastructure development encompasses numerous variables such as the education system, the nature of the local labor market, incubator organizations, information accessibility and availability of premises. Finally, market emergence theory integrates both concepts of niche emergence and technological innovation.

After a review study of enterprise creation literature, Smith (2008) considers these as efficient factors: financial, demographic, economic and governmental factors. Also in another study, Schwarz et al. (2009) in their model emphasized the individual factors along with environmental factors in entrepreneurial purposes. According to the results of Astripikiz research (2011), environmental factors have an influence on the creation of business and he notes that for establishing a company, one should consider four items: entrepreneurial team building, shaping entrepreneurial culture within the organization, recognizing opportunities and finally modifying organization strategies based on business environment. Also, Viliamoos and Tzirms (2011) stated that environmental factors play a positive and significant role in business creation. The importance of environment in establishing new businesses is to the extent that recent studies have also referred to and stated that business creation and entrepreneurial activities strongly are affected by environment and its related factors (Samia and Aingooa, 2012).

It should be pointed out that unfavorable environment for entrepreneurship often leads to growth of underground economy; while favorable environment causes taking advantage of entrepreneurial opportunities (Herbig et al., 1994). In recent years, despite efforts to promote

entrepreneurship and privatization and economic growth in our country, in practice there has been no sustainable and proper growth in entrepreneurship and business creation. Perhaps part of the reason for this problem is in the business environment in Iran. According to international and local authorities, Iran's business environment is undesirable. These authorities acknowledged that among 183 economies in the known world, Iran`s business environment ranked 144 in 2012. Therefore, for improving the business environment and removing barriers to sports entrepreneurship development, the investigation of small and medium-sized sport enterprises (SMSEs) seems necessary. Accordingly, the researcher sought to answer this question: Whether environmental factor and its dimensions can play a decisive role in the creation of small and medium-sized enterprises in sport?

Materials and Methods

This study was a descriptive- correlation study. The research population was small and medium-sized Sport enterprises of Tehran. Among these companies, the major manufacturers and distributors were considered. Of the 1,500 companies, 311 cases were selected through the Cochran formula and random sampling; 258 available questionnaires were included in the analysis. The data gathering tools were: a questionnaire consisted of three parts; The environment’s researcher made questionnaire ($\alpha=0.77$) that had four dimensions: Political ($\alpha=0.78$), economics ($\alpha=0.76$), social - cultural ($\alpha=0.82$), and Technology ($\alpha=0.83$) dimensions; and modified questionnaire of business creation qualification for Anderson and Dunkley Berg (1990) were administered with Likert scale (strongly disagree = 1 to strongly agree = 5). It should be noted that the validity of the questionnaire were reviewed and approved by the researchers. Descriptive and inferential statistics (including Pearson correlation coefficient, Kolmogorof - Smirnov test, Friedman, two and multivariate regression, and path analysis were used for examining the data.

Findings

Table 1: Ranking of environmental indicators with the Friedman test

Friedman test results		Rank	Environmental factors influencing the creation of small and medium-sized enterprises	
258	n	5	Registration Law Reform and expediting the process of obtaining permission to create sport enterprises	Political
4	df	1	Removal of economic and political sanctions	
78.19	χ^2	2	Facilities grant (financial, land, buildings, etc.)	
		4	Existence of intellectual property rights or copyrights	
0.001	p	3	Ease of access to information and support programs of the entrepreneurs	
258	n	7	The high rate of unemployment in the community	Economic
		3	The low rate of Bank Interest	
6	df	1	Inflation control in the community	
		2	Level of income	
90.15	χ^2	4	The competition between sports enterprises	
		6	Profits for the owners of a sport enterprise	
0.001	p	5	Levies on products / services	

258	n	5	Willingness of individuals to self-sufficiency, independence and starting a personal business.	Social - cultural
		6	Private businesses created by individuals and relatives	
6	df	4	Positive attitude to business owners and investors in the society	
		3	Support from family, friends and acquaintances of a business creation	
179.09	X ²	7	Cultural and religious values and beliefs in order to encourage new businesses to start up	
		2	People tendency to focus on the health and leisure	
0.001	p	1	National players and teams' successes in the international fields	
258	n	2	new equipment and technology and adapting to them	Technology
4	df	5	Willingness of customers, partners and suppliers to use the Internet and e-commerce	
117.98	X ²	4	Infrastructure needed for e-commerce (Internet, E-Commerce Law)	
		1	Using innovations in the creation of sport enterprises	
0.001	p	3	Investigative activities to develop enterprises	

The main objective of this study was investigating the relationship between environment and creation of small and medium-sized enterprises in sport. The Pearson correlation coefficient results showed that other than political dimension, environmental factor and all its dimensions had a significant and positive relationship with enterprise creation(p<0.01)(Table No.2).

Table 2: Mean, standard deviation and Pearson correlation matrix between environmental dimensions and SMSEs creation

6	5	4	3	2	1	SD	M	Variable
					1	0.57	4.06	Creation
				1	0.01	0.78	3.9	Political
			1	0.42**	0.22**	0.53	¼	Economy
		1	0.37**	0.28**	0.02**	0.66	3.8	Society
	1	0.71**	0.36**	0.43**	0.23**	0.73	3.9	Technology
1	0.84**	0.78**	0.67**	0.73**	0.24**	0.51	3.9	Environment

Then, the bivariate regression was used for determining the predictive power of the environment (predictor variable) to create SMSEs (criterion variables). Findings showed that environment as a whole explains about 6% of the variance in the level of $\alpha=0.01$. Also, to evaluate the predictive power of environment dimensions, researcher examined those dimensions that were associated with SMSEs creation variable by stepwise multiple regression statistical method. Regression analysis showed that of environmental dimensions, economy and technology dimensions could explain 7 percent of sports enterprise creation variance (Table 3).

TABLE 3: Multivariate regression model to explain the SMSEs creation variance by environment dimensions

P	F	² R Adjusted	R ²	r	a	b	Beta	Independent variable
0.001	15.85	0.06	0.07	0.24	2.9	0.27	0.24	Environment
0.001	10.37	0.07	0.08	0.27	2.8	0.14	0.17	Technology Dimension
						0.17	0.16	Economic Dimension

Plus, according to the data in Table 3 , it should be noted that based on the findings, if environment variable is entered into regression model, 0.27 positive change will be made in small and medium-sized sport enterprises creation amount.

Also, according to the multivariate regression formula and based on the findings in Table 4, if technology and economic variables are analyzed, for a unit increase in the amount of technology variable, 0.14 positive change and for a unit increase in the amount of economic variable, 0.17 positive change will be made in SMSEs creation.

According to path analysis model, it was found that of the four dimensions of environmental factors, only two dimensions could explain the SMSEs prediction path; among which, the "technology" predicted directly and to the size of 0.17; and then, economic variable affected criterion variable directly to the size of 0.16.

Discussion

Descriptive Study findings showed that most business owners were male; In other words, the presence of women in this field diminished (3%) Also, in most cases (over 70%), subjects had secondary and diploma degrees which indicates the low presence of the educated individuals in this field. Based on the presented conceptual model, the purpose of this study was to investigate the relationship between environmental factor and small and medium-sized sport enterprises creation. The results indicate a significant relationship between environment and the creation of SMSEs ($r=0.24$); this finding is consistent with the results of many researchers (Mazarvi et al, 1999; Samia and Ayngva, 2012). Also, In this regard, according to the results of Astrypykyz research (2011), environmental factor has an impact on the creation of enterprises. Also, Ylyamvs and Tzrms (2011) stated that environmental factor play a positive and significant role in enterprise creation. The majority of these researchers agreed that environment is a rich source of resources and affect significantly enterprise process. Also, the bivariate regression results indicated that environmental factor explains about 6% of the creation variance.

In considering the environmental dimensions, it was found that political dimension did not establish a significant relationship with SMSEs creation ($r=0.01$). However, the research indicated that the incentives of the political factors are important for the growth and creation of enterprises (Abdel-Majid et al, 2008). These findings may indicate that from the perspective

of research, government policy has not been very successful in supporting small and medium-sized enterprises and establishing them. In other words, the government presence in this field was so diminished that the sample did not show any significant relationship between this dimension and their enterprises. To improve the situation and according to the findings in Table 1, probably the government's efforts to eliminate or reduce political- economic sanctions, granting the necessary facilities and ease of access to information and support programs, the creation of legal framework for intellectual property, and reforming the laws of corporate registration could have a significant impact on growth of sports enterprises.

Economic dimension established a significant and positive relationship with SMSEs creation ($r=0.22$). In line with this study, Smith (2008) and Parker and Blgytr (2006) also emphasized on the relationship between entrepreneurial process and economic factor. Considering the results in Table 1, it can be expressed that by controlling inflation in the society and increasing the level of income, and therefore by increasing the purchasing power of the people, the purchase and use of the sport goods and services will increase. It is clear that this condition can lead to competition between athletic companies and their growth and creation of new companies. Also, lower interest and tax breaks for newly established sport companies could lead to profit to their owners and consequently will contribute to their survival.

Social – cultural dimension established positive and significant relationship with SMSEs creation ($r=0.2$). According to Table 1, leisure and health tendency in the community probably causes spending more time with exercise which is a good factor for thriving sport enterprises. Also, one of the significant findings of this study is the role of the national team victory in thriving sports market; undoubtedly, this thriving can be a good tool for the development of sports industries through the creation of new companies. Hence, it seems that the proper planning of National Federations and the National Olympic Committee and National Paralympic for a strong presence of sports teams in international arena can be useful in the development of sports enterprises.

Technology dimension established a significant and positive relationship with SMSEs creation ($r=0.23$). In line with this research, Glrd (1384) considers the technology important for stimulating entrepreneurship among Iranian women. From the perspective of samples, customers and suppliers are not willing to use new technologies to do the sport business. On the other hand, they considered medium the required infrastructure for electronic trading. According to global approach to the use of internet and virtual world for trading, it is clear that this process is not beneficial to the sports industry.

Conclusion

Overall, these results suggested a little role of environment in explaining the process of creating small enterprises. However, many researchers have pointed out the crucial role of the environment and its dimensions (Mazarvi and colleagues, 1999, Schwarz et al, 2009, and Astrpyknz, 2012). Probably, the reason for little role of environment in Iranian enterprises is the undesirable business situation. Among 183 economies in the known world, Iran`s business environment ranked 144 in 2012. It seems to be such a bad situation that in this research, environment could not play its important role in sport enterprise creation. Hence, serious arrangements must be made by the authorities to improve the business environment including small and medium-sized sport enterprises.

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