ARTICLE

DESIGNING AND TESTING THE STRATEGIC ENTREPRENEURSHIP MODEL, USING MARKETING MIX ELEMENTS AND ITS ROLE IN SUSTAINABLE COMPETITIVE ADVANTAGE: (IRAN INSURANCE COMPANY OF ISFAHANPROVINCE)

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ABSTRACT

In today's rapidly changing environment, firms and organizations should be distinctive from other competitors, in order to survive and grow, and to acquire new products, advanced technologies, modern organizational combination and market penetration. Strategic entrepreneurship is an emerging phenomenon and a factor affecting outputs of companies, and small, medium and large organizations, which is crucial for acquiring long-term sustainable competitive advantage in a wide range and a multilateral interaction of marketing mix factors. The present study is to have an applied investigation and test of strategic entrepreneurship model, by the use of marketing mix elements and the model's role in sustainable competitive advantage. In order to collect data, Delphi method as well as questionnaires has been used, and in order to refine the data, the structural model in the form of confirmatory factor analysis, path analysis and the software of LISREL have been applied. Three main hypotheses have been developed in this study, which are tested using confirmatory factor analysis and path analysis, and all three hypotheses are confirmed. The values of AGFI and GFI indicators are measured 0.91 and 0.95, respectively; and it is found out that competitive advantage factor is more important than other variables.The results indicate that firms create value and distinction for their companies, using the indicators, identifying and satisfying current and future needs of customers, recognizing competitors and their plans, and making necessary coordination between different parts of organization, and through this, create sustainable competitive advantage.

INTRODUCTION

In today's business environment, where the life-cycle of products and services are going to be shortened and future's benefits are uncertain, in order to achieve sustainable competitive advantage and create more profits, firms and organizations need to be increasingly clever and adaptable. In order to surpass each other, they are looking for the methods to correctly predict market changes, and provide the best values for their firms [1]. Meanwhile, entrepreneurship is particularly important, and researchers believe that entrepreneurial goals cannot be realized without a strategy for entrepreneurship, because the strategies determines arrangement of sources, processes, products and systems, which industries and companies adopt them to deal with the environment uncertainty (mistrust) [2].

Therefore, the connection between strategies and entrepreneurship, known as strategic entrepreneurship, is the success base of entrepreneurship in organizations; and performance improvement roots in adopting this kind of strategies prepared by the managers[3]. Strategic entrepreneurship is an emerging concept and a combination of entrepreneurship and strategic management science. Strategic entrepreneurial affects wealth creation, competitive advantage and performance; therefore it is an increasing necessity in today's competitive environment [4]. This study is going to present a scientific method for designing a strategic entrepreneurial model, using marketing mix approach and its role in sustainable competitive advantage of Iran Insurance Company in Isfahan province. Hence, designing this model, using marketing mix approach can have an important role in this regard. The paper has been designed in such a way, that primarily the literature of strategic entrepreneurship, marketing mix elements and sustainable marketing mix are investigated. Then, the conceptual model, which is derived from the hypotheses and questions of the research is described, and then, the research methodology is explained, and finally the conclusion is presented after analyzing the results of testing hypotheses.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Components of entrepreneurship

Organizational entrepreneurship is a process in which innovative processes or products are provided through induction and creation of an entrepreneurial culture in an already established organization. In

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other words, it is a set of activities that benefits from organizational support and resources, in order to achieve innovative results[5]. In accordance with the theories of Kanter [4], Hornsby (1993), Sepr (1990), Mervis and Kuratho (2001), and Fry (1993)[5], it is concluded that different steps of the organizational entrepreneurship process has been divided to three main steps; each of these steps also includes different sub-steps.

Strategic Entrepreneurship

It is defined as the activities are done by organizations in order to "continuously explore innovation-based opportunities" for gaining "profit or benefit", including new organizational combinations, new products, new processes, etc.), or in other words it can be defined as "developing competitive advantage through the continuous processes of innovation" [6].

The common thread between strategic and entrepreneurship management is known as helping organizations to gain competitive advantages and developing opportunities by the competitive advantages, in future. Strategic entrepreneurship is a set of organizational activities that improves the organization's ability to compete with other organizations of the industry, for achieving a better position [7]. The combination of entrepreneurship and strategic management as an important solution for financial growth and performance, has taken into consideration from deferent points of view in management literature. Perglman, on the basis of two concepts of diversity and ordering suggests that entrepreneurship activities develop diversity and strategy develops the essential ordering. In other words, they are two sides of the same coin. Recent researches have been studied on these two concepts. Hit, Ireland, Camp and Sexston[6]have reported the concept of strategic entrepreneurship as the intersection of entrepreneurship and strategic management.

Strategic entrepreneurship component

The present study uses some dimensions that were determined by Irelandandet. al. [6], because it is a comprehensive classification and many researchers has used it. Therefore, it worth to have a brief look at these five dimensionsas follows:

1. **Entrepreneurial Mindset**: it includes entrepreneurial opportunity recognition, entrepreneurial alertness, real options logic and entrepreneurial framework [8, 9].

2. **Entrepreneurial Culture**: it is a type of culture that appreciates and encourages new ideas, creativity and risk taking, tolerates failures, and promotes learning. It supports the process of innovation in products and its implementation, and considers the continuous changes with opportunities [10].

3. **Entrepreneurial Leadership**: Entrepreneurial leadership is the ability to influence others to have a strategic management of resources to focus on opportunity-seeking and advantage-seeking behavior [2]. Gupta et. al. (2004) have defined entrepreneurial leadership as attracting uncertainty, interest in change and innovation for gaining competitive advantage and aggressive competition with other companies [11].

4. **Strategic Management**: it is the art and science of development, implementation and evaluation of multifunctional task decisions that enables the organization to achieve its long-term goals and forms the basis for opportunity-seeking and advantage-seeking behaviors [12].

5. **The Use of Creativity and Development of Innovation**: they are crucial results of a entrepreneurial mindset, entrepreneurial culture and entrepreneurial leadership, and also includes strategic management of resources. They define the value of creativity and innovation in the opportunity-seeking and advantage-seeking behaviors [12].

❖ **Marketing**

In marketing, customers' satisfaction is the core of a company's activity, and all company's activity aims at satisfying customers' needs. Responding to the needs of customers through providing products and services that are compatible with the customers' desires can be an kind of achievement for companies[13].

A New Definition of Marketing: According to Philip Catler, marketing is "a human activity in order to satisfy needs and wants through the process of exchange". The origin and core unit of marketing system are human's needs and wants. Product is the result of human's need; anything provides a service or satisfies a need can be regarded as a product, such as people, places, organizations, services and opinions. Marketing is the seek for finding the most suitable market and the sectors in which organization can have more useful and more effective participation and responds to people's needs and wants. Marketing means dividing market into subsets, and determining the company's product for market orientation, including the skills of perceiving and satisfying the customers' needs and wants [14].

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Marketing Mix Elements: The most important and the main part of marketing process are about marketing mix elements, which are known as controllable variables of marketing. Bumz and Bitner (1981) stated marketing mix elements as 7P, which is also known as service mix. They add three more factors (people, process and physical evidence) to McCarthy's four factor. Thus, here in this paper, we investigate these variables. The 7P's elements are as following[Fig. 1]:

Fig. 1: The 7P's elements
....

❖ **Sustainable Competitive Advantage**

Competitive advantage is the value provided by a company for customers, while this value is higher than the costs of customers [15].Sustainable competitive advantage is firstly a long-term advantage and not temporary, and secondly it is not easily accessible by competitors. Generally we can describe the characteristics of sustainable competitive advantage as being durable, high defensive capability, good tolerance, forbearance capability, high viability, high supporting capability, high acceptability, justification and persuasion power, and significant ability of negotiation, that it has all or some of above mentioned characteristics in proper with its sustainability power and intensity[16].

The Research's Main Question and purpose

With regard to the important and crucial role of strategic entrepreneurship model and sustainable competitive advantage, this study is to help organizations, so that they can equipped themselves to be able to reacts properly to all important environmental changes, as well as help them to develop their competitive relative advantage. The main purpose of this study is investigation of the factors of strategic entrepreneurship, mix marketing and their roles in sustainable competitive advantage, so that a comprehensive model can be designed that enable all organizations and product and service providing companies to develop their competitive advantage through using strategic entrepreneurship and marketing to realize their organizational goals, and be prepared to play their effective service role in society.

The Research Hypotheses

The hypotheses of this research were developed based on the conceptual model which is composed of three main hypotheses. The main hypotheses of this study are as follows:

H1: There is a significant relationship between strategic entrepreneurship and sustainable competitive advantage.

H2: There is a significant relationship between strategic entrepreneurship and marketing mix.

H3: There is a significant relationship between marketing mix and sustainable competitive advantage.

The research's Conceptual Model

All research studies are based on a conceptual framework that identifies the variables of interest and their relationships [1]. This conceptual model which also is known as theoretical framework (Khaki, 1999, pp3), mental map and analytical instrument [17], is a pattern based on which, the researchers theorize about

the relationships among factors that are known important in creation of the problem. This hypothesis cannot be necessarily the words of the researcher and it might be reasonably resulted from previous studies on the problem, In other words, it is an instrument to refine the study's center [1]. Every survey and field study needs a mental map and a conceptual model that are designed in the form of an analytical instrument. Since the conceptual model or theoretical framework should be designed as a schematic diagram (analytical model), so that the number of variables and their relationships can be specified, the model of this study has been plotted as [Fig. 2].
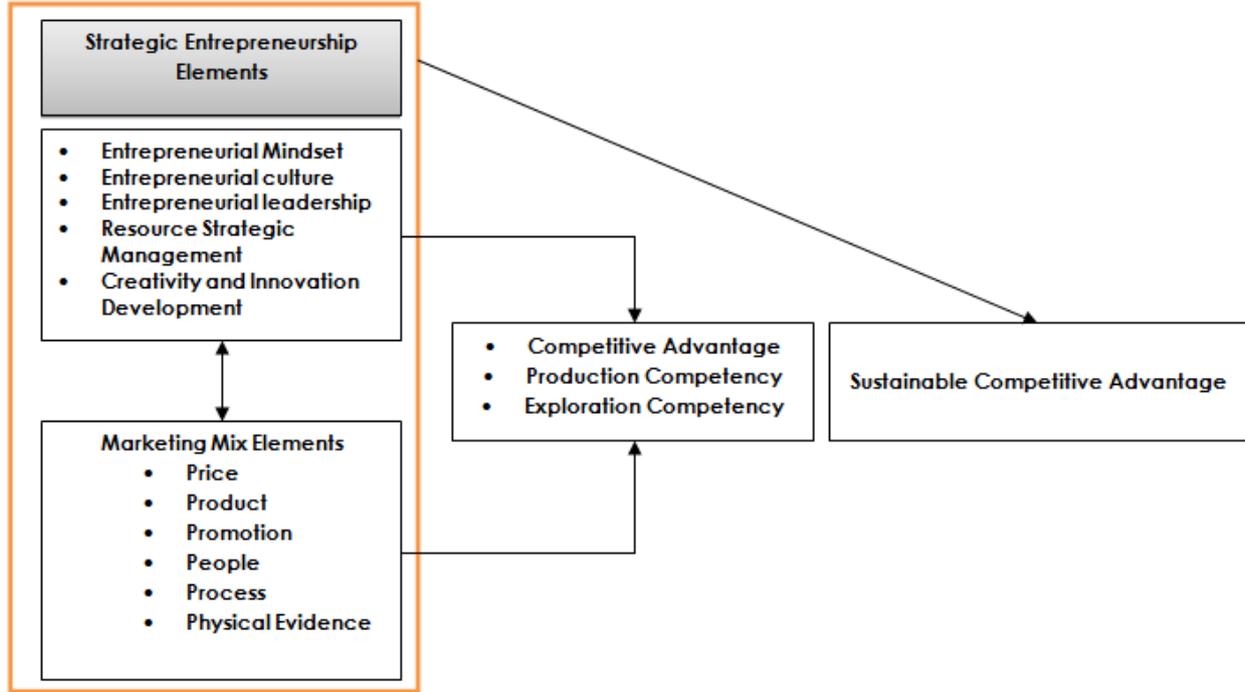

Fig. 2: Conceptual Model of the Research

METHOD

In order to design the strategic entrepreneurship model using the approach of marketing mix and studying its role in sustainable competitive advantage in Iran Insurance Company of Isfahan province, we have applied the descriptive survey method. In order to collect the required information for theoretical foundation of the research, we have used internet and library research methods, and Fuzzy Delphi method has been also used to examine the factors affecting strategic entrepreneurship and marketing mix: Firstly, the questionnaires were distributed to collect the comments of expert members of Iran Insurance Company (on the Likert format), then, results of the first questionnaire were revealed to them, so that the experts can be aware of primary results of each question and the general responses of individuals; the members were asked for identifying the important and crucial factors, which were missed in the first part. Then, the second series questionnaireswere presented to the individuals. According to their views in the first phase and comparing them with the results of this phase, the following [Table 1] shows that the expert members have reached consensus in most of factors, and the differences have been very low and less than threshold value (0.1), hence, the survey regarding the above factors is stopped [Table 1].

Table 1: Defuzzification Mean Difference

	Defuzzification Mean of the 2nd Phase	Defuzzification Mean of the 1st Phase	Mean Difference
Product	0.91	0.85	0.06
Price	0.89	0.8	0.09
Place	0.88	0.77	0.11
Promotion	0.89	0.74	0.15
People	0.9	0.82	0.08
Process	0.88	0.84	0.04
Physical Evidence	0.91	0.81	0.10
Entrepreneurial Culture	0.92	0.9	0.02

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Entrepreneurial Mindset	0.92	0.9	0.02
Entrepreneurial Leadership	0.93	0.9	0.03
Resource Strategic Management	0.89	0.61	0.28
Creativity and Innovation Development	0.93	0.91	0.02
Competitive Advantage	0.9	0.83	0.07
Production Competency	0.91	0.84	0.07
Exploration Competency	0.9	0.88	0.02

Research's Population and Sample: The population includes all persons and objects that have at least one common characteristic. A population with a limited number of members is called limited population [17]. Therefore, different organizational levels of Iran Insurance Company of Isfahan province including certification experts, department's managers, administrators, heads of branches, and a number of representatives have been identified to form the research's population, which includes 547 members.

Sample Size: To determine the sample size of a limited population, the following formula (Cochran's formula) has been used, where "n" represents sample number:

$$n = \frac{Z_{\frac{\alpha}{2}}^2 \frac{p(1-p)}{d^2}}{1 + \frac{1}{N}\left(Z_{\frac{\alpha}{2}}^2 \frac{p(1-p)}{d^2} - 1\right)}$$

Where: N = Population size = 547   n = Sample size = 226

$$n = \frac{(1/96)^2 \frac{0/5(1-0/5)}{(0/1)^2}}{1 + \frac{1}{547}\left((1/96)^2 \frac{0/5(1-0/5)}{(0/1)^2} - 1\right)} = 226$$

The number of sample is calculated as 226; therefore 226 questionnaires should be distributed. In order to know whether the questionnaire is valid or not, in addition to the views of experts, confirmatory factor analysis has been used. Also the internal consistency method has been applied for testing the data's reliability. The most important indicator of internal consistency is Cronbach's alpha test. The following formula calculates the value of alpha coefficient.

$$r_\alpha - \frac{j}{j-1}\left(1 - \frac{\sum s_j^2}{s^2}\right)$$

Table 2: Measuring the Questionnaire's Validity through Cronbach's Alpha Equation

	Indicator	Cronbach's alpha	KMO
7P's Marketing Mix	Product	0.799	0.719
	Price	0.801	0.780
	Place	0.745	0.774
	Promotion	0.842	0.841
	People	0.760	0.793
	Process	0.881	0.863
	Physical Evidence	0.862	0.759
Strategic Entrepreneurship (INT)	Entrepreneurial Culture	0.851	0.830
	Entrepreneurial Mindset	0.879	0.888
	Entrepreneurial Leadership	0.760	0.769
	Resource Strategic Management	0.777	0.899
	Creativity and Innovation Development	0.849	0.800
Sustainable Competitive Advantage (COMP)	Competitive Advantage	0.791	0.744
	Production Competency	0.789	0.839
	Exploration Competency	0.819	0.866

In regard with the data presented in the above [Table 2], the value of KMO is 0.790 (more than 0.6), that indicates the questionnaire is valid, and since Cronbach's alpha of the questionnaire is higher than 0.7, Bartlett's test coefficient is also higher than 0.7, all selected indicatoes for measuring structures of the study are reliable and valid [Table 2].

Analysis: First, *the* Kolmogorov-Smirnovtest was used to specify whether the components are normal or not. The parametric analysis on distribution of the measured variables in the research's population needs presumptions, including normal distribution of the variables. According to this assumption, any variable,

regardless of other variables, is normally distributed[Table 3]. First of all, we should formulate the following hypotheses for all variables of the research, before performing the above mentioned test:

H0:the data related to the component of ..... is not significantly different from the normal distribution.
H1: the data related to the component of ..... is significantly different from the normal distribution.

Table 3: Kolmogorov-SmirnovTest's Results of the Measured Indicators

Statistics Variables		ks	Sig	Result
Marketing Mix	Product	0.516	0.720	Assuming approvalH1
	Price	0.390	0.998	Assumption Confirmation H1
	Place	0.550	0.922	Assumption Confirmation H1
	Promotion	0.585	0.883	Assumption Confirmation H1
	People	0.544	0.928	Assumption Confirmation H1
	Process	0.824	0.505	Assumption Confirmation H1
	Physical Evidence	0.655	0.784	Assumption Confirmation H1
Strategic Entrepreneurship (INT)	Entrepreneurial Culture	0.455	0.989	Assumption Confirmation H1
	Entrepreneurial Mindset	0.747	0.690	Assumption Confirmation H1
	Entrepreneurial Leadership	0.569	0.861	Assumption Confirmation H1
	Resource Strategic Management	0.533	0.934	Assumption Confirmation H1
	Creativity and Innovation Development	0.579	0.951	Assumption Confirmation H1
Sustainable Competitive Advantage (COMP)	Competitive Advantage	0.870	0.569	Assumption Confirmation H1
	Production Competency	0.641	0.718	Assumption Confirmation H1
	Exploration Competency	0.493	0.961	Assumption Confirmation H1

RESULTS

The Measurement Model or Confirmatory Factor Analysis (CFA)

The methodology of structural equation modeling initially needs the study of construct validity, so that it can be realized that the selected indicators are accurate and suitable for measuring structures. For this purpose, confirmatory factor analysis, has been used, that t-value of factor loadings of each indicator shall be more than 1.96; in this case, the indicator has the essential accuracy to measure its structure or latent characteristic. In this study, in order to investigate the attunement of the structures and their selected indicators, we have used the measurement model or confirmatory factor analysis for each studied dimension, which the results are as following [Table 4]:

Table 4: Structures" Effects and Significance of the Estimated Parameters of Second Order Factor analysis of Entrepreneurship, Marketing Mix and Competitive Advantage.

Components	Second-order structures	Standard estimates	t	Test result
Marketing Mix	Product	0.98	9.34	Effect Confirmation
	Price	0.79	7.91	Effect Confirmation
	Place	0.79	8.70	Effect Confirmation
	Promotion	0.71	10.11	Effect Confirmation
	People	0.66	9.09	Effect Confirmation
	Process	0.69	8.05	Effect Confirmation
	Physical Evidence	0.78	10.10	Effect Confirmation
Strategic Entrepreneurship (INT)	Entrepreneurial Culture	0.68	12.56	Effect Confirmation
	Entrepreneurial Mindset	0.79	10.76	Effect Confirmation

	Entrepreneurial Leadership	074	10.90	Effect Confirmation
	Resource Strategic Management	0.63	8.88	Effect Confirmation
	Creativity and Innovation Development	0.79	7.77	Effect Confirmation
Sustainable Competitive Advantage (COMP)	Competitive Advantage	0.68	6.99	Effect Confirmation
	Production Competency	0.58	8.19	Effect Confirmation
	Exploration Competency	0.64	11.34	Effect Confirmation

Structural Equation Modeling

Chi-Square=1.95, df=1, P-value=0.16283, RMSEA=0.079
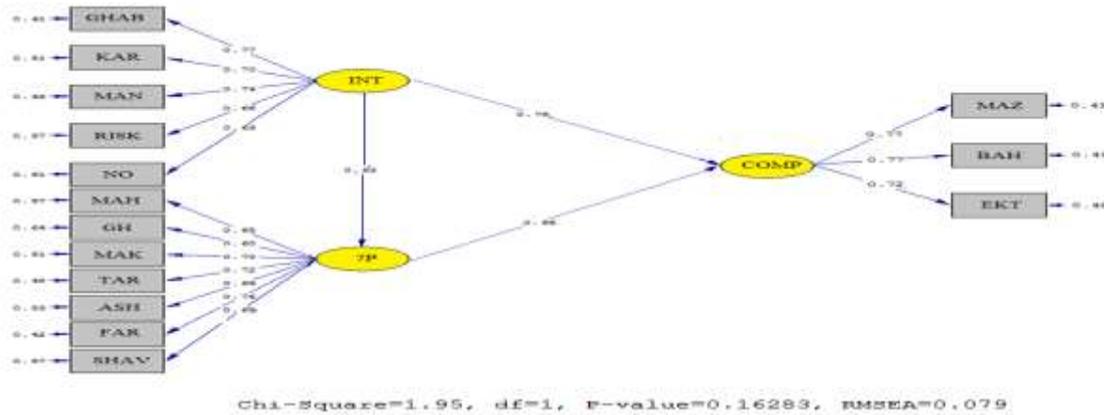
Fig. 3: The Relationships between Variables in Standard Condition

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Chi-Square=1.95, df=1, P-value=0.16283, RMSEA=0.079
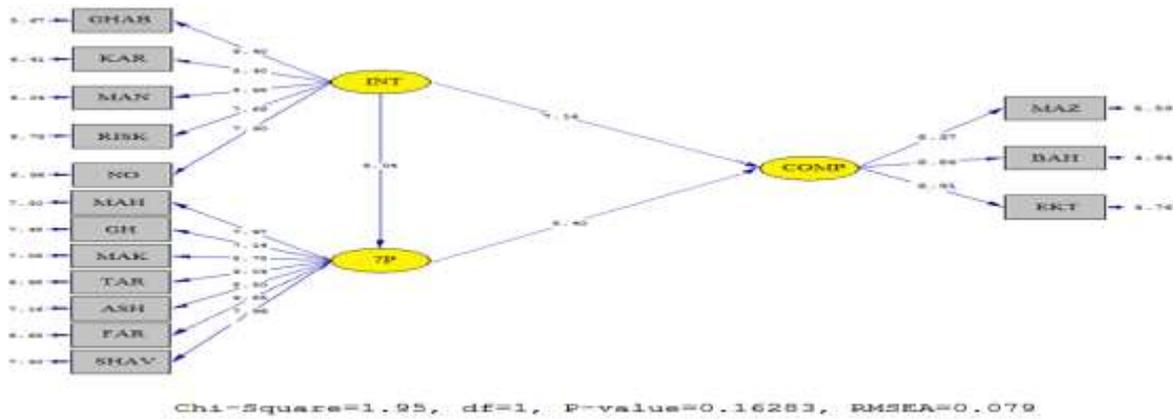
Fig. 4: The Relationships between Variables in Significance Condition

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H1: There is a significant relationship between strategic entrepreneurship and marketing mix.

H2: There is a significant relationship between strategic entrepreneurship and sustainable competitive advantage.

H3: There is a significant relationship between marketing mix and sustainable competitive advantage.

Table 5: The Results of Standard Coefficients and Significance Tests (Hypotheses' Confirmation or Rejection)

Hypothesis	From	To	Standardized Coefficient	t-values (for significance testing)	Confirmed/rejected
H 1	Strategic Entrepreneurship	Sustainable Competitive Advantage	0.76	7.14	Confirmed
H 2	Strategic Entrepreneurship	Marketing Mix	0.63	9.04	Confirmed
H 3	Marketing Mix	Strategic	0.66	8.40	Confirmed

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		Entrepreneurship			

According to [Table 5], all coefficients have the needed t-values (higher than 2) and all three hypotheses are confirmed.

Structural Model Fit (Path Analysis Model)

LISREL provides different indicators for model fit in text part. The number of these indicators of model fit is more than 68. These indicators help us judge the whole model and whether the model is acceptable or not; in other words, it helps to know whether our data approves the theoretical framework or not. The most common indicators, being reported in the majority of studies are presented in the following [Table 6]. If one of these indicators was not acceptable, we should not reject the whole model, but it is indicative of the model's relative weakness, which can be resulted from sampling, sample population, or other factors.

Table 6: Structural Equation's Measuring Goodness of Fit

Fit Index	Desired Level	Reported Value	Result
AGFI	higher than 0.8	0.91	Approved
IFI	higher than 0.9	0.97	Approved
NNFI	higher than 0.9	0.94	Approved
CFI	higher than 0.9	0.97	Approved
GFI	higher than 0.9	0.95	Approved
RMR	whatever smaller and closer to zero	0.099	Approved
RMSEA	less than 0.1	0.079	Approved
X2/df	less than 3	1.95	Approved

1. According to the [Table 6], the RMSEA value is 0.079, indicating the model is very suitable and the data fits the factor structure and theoretical basis appropriately, and this proves the validity of the structural model. Therefore, the test of hypotheses is properly accurate.

2. The values of AGFI and GFI are 0.91 and 0.95, respectively. Regarding goodness of fit index and adjusted goodness of fit index, The research's model is in a good condition.

CONCLUSION

The results from data analysis indicates that all hypotheses are approved,and there are significant relationships between dependant and independent variables. Path coefficient and t-value for the first hypothesis are 0.76 and 7.14, for the second hypothesis are 0.63 and 9.04, and for the third hypothesis are 0.66 and 8.04. inother words, we can conclude the following associations at the confidence level of %99:

1. There is a significant relationship between strategic entrepreneurship and sustainable competitive advantage.
2. There is a significant relationship between strategic entrepreneurship and marketing mix.
3. There is a significant relationship between marketing mix and sustainable competitive advantage.

Recommendation on the Basis of Research's Findings: According to the results field studies and tests conducted on the collected data, we can present some recommendations to improve and develop competitive advantage and the studied organizations of the population on the basis of strategic entrepreneurship and market orientation: With regard to the direct and indirect factors affecting the competitive advantage, it can recommend that the studied companiesshould give priority to marketing activities, in order to keep the sustainable competitive advantage. Companys should use marketing mix within the organization to createcommon vision and believes in the members, and attempt to identify and satisfy the present and future needs of customers, find the best solutions, identify the strength points and present condition of the competitors, analyze and evaluate competitors' capability and their ability to satisfy the customers' needs, coordinate the goals with different departments and theirparticipation in preparing plans and marketing strategies, as well as distribute the information and opinions of customers in deferent departments of the Company, in order to make value for the company and improve its performance in increasing profitability, organizational learning, innovation etc.

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