

The Effect of Companies' Age and Intangible Resource son the Relationship between Entrepreneurial Orientation and the Performance of Companies in Mashhad Industrial City¹

Amin Yousefi Ghasem Kheyli², Zohreh Arefmanesh³, Mahdi Nazemi Ardakani⁴,
Mohammad Mahdi Bozorg⁵

Received: 2023/05/22

Accepted: 2023/09/21

Research Paper

INTRODUCTION

Entrepreneurial orientation is related to various aspects of performance, including sales growth, profitability and non-financial performance measures (Anderson & Eshima, 2013). Rauch et al. (2009) showed that the relationship between entrepreneurial orientation and performance is a function of endogenous and exogenous factors and cannot be considered fixed. For example, the relationship between entrepreneurial orientation and performance is stronger among firms that operate in environments with more uncertainty. Also, factors such as the firm's capital level affect the relationship between performance and entrepreneurial orientation (He et al., 2021). Therefore, according to previous studies, it is clear that to investigate the relationship between entrepreneurial orientation and the performance and growth of the company, the effects of moderating factors should also be considered to obtain a more comprehensive picture of the mentioned relationship. From this point of view, this study investigates two potential factors affecting the relationship between entrepreneurial orientation and firm performance, which include the

1. DOI: 10.22051/JAASCI.2023.42195.1740

2. M.Sc. Department of Accounting, Yazd University, Yazd, Iran. (amminyousefi8@gmail.com).

3. Assistant Professor, Department of Accounting and Finance, Faculty of Economics, Management and Accounting, Yazd University, Yazd, Iran. (Corresponding Author). (Arefmanesh@yazd.ac.ir).

4. Assistant Professor, Department of Accounting and finance, Faculty of Economics, Management and Accounting, Yazd University, Yazd, Iran. (nazemi@yazd.ac.ir).

5. M.Sc. Department of Accounting, Yazd University, Yazd, Iran. (mm.bozorg78@gmail.com).

age of the firm and the firm's intangible resources. Young firms are better able to take advantage of the value of entrepreneurial strategies in the form of higher organizational growth rates than their old peers (Galbreath et al., 2020). On the other hand, in firms that have the advantage of intangible resources compared to their peers, the relationship between entrepreneurial orientation and firm performance is strengthened. So, in the present research, the mediating role of intangible resources and the moderating role of firms' age in the relationship between entrepreneurship and the performance of firms in Kalat Industrial Town of Mashhad have been investigated.

HYPOTHESES

In facing the competitive and variable environment, entrepreneurship is the only solution that organizations can adopt to achieve additional income, upgrade internal processes, and develop innovative solutions to meet social and economic needs. Therefore, the first hypothesis of the research is formulated as follows:

First hypothesis: Entrepreneurship has a significant relationship with company performance.

According to the resource-based view and Dynamic Capabilities View, the success of the firms depends not only on their resources but also on their entrepreneurial ability in different industry conditions and markets in which they operate. Firms may have resources, but they must also demonstrate entrepreneurial capabilities through which they can gain competitive advantage in demanding environments (Anderson & Eshima, 2013). According to the above, the second hypothesis of the research is formulated as follows:

Second hypothesis: Entrepreneurship has a significant relationship with intangible resources.

In knowledge-based economies, intangible assets are considered an important factor in firms achieving success and improving financial performance. Especially when intangible assets are the source of the firm's wealth and growth. According to the above, the third hypothesis of the research is formulated as follows:

The third hypothesis: intangible resources have a significant relationship with company performance.

Intangible resources are an important factor in firms' ability to pursue strategies that lead to positive organizational outcomes. Looking at the possible role of intangible resources in entrepreneurial orientation and firm

performance, firms with more intangible resources compared to their competitors are expected to show a higher level of entrepreneurial behavior. Therefore, the relationship between a firm's entrepreneurial orientation and performance should be stronger among firms that have an intangible resource advantage over their industry competitors. Therefore, the fourth hypothesis of the research is formulated as follows:

Fourth hypothesis: Intangible resources mediate the relationship between entrepreneurship and firm performance.

Previous research, including Luo et al. (2005), showed that young firms show more strategic entrepreneurial behaviors than old firms. Young firms are often more free to make strategic decisions. Managers of young firms, lacking established business processes, experiential market knowledge, and well-developed organizational norms, often engage in excessive trial and error without a clear strategic goal. Nevertheless, the lack of defined routines and better organizational structures leads young firms to produce radical innovations with the greatest growth potential as well as to adapt more quickly to specific environmental changes.

Therefore, the fifth hypothesis of the research is formulated as follows:

Fifth hypothesis: Firm age moderates the relationship between entrepreneurship and company performance.

METHOD

The statistical population of this study includes the financial staff of Kalat Industrial Town of Mashhad. The sampling method of this study is simple randomization and using the Cochran formula, the sample size was determined 194 people. To measure the variables, a questionnaire whose validity and reliability had been proved by previous research was used. To test the hypotheses, the structural equation modeling method was used using Spss24 and SmartPLS3 software.

FINDINGS

The results indicate entrepreneurship has a significant relationship with the company's performance and the Firm's intangible resources. Intangible resources also have a significant relationship with the firm's performance. However, the age of the company does not have a moderating role in the relationship between entrepreneurship and firm performance. Finally, the results showed that intangible sources have a mediating role in the relationship between entrepreneurship and firm performance.

DISCUSSION AND CONCLUSION

Strengthening the spirit of creativity and entrepreneurship by utilizing different types of intangible resources such as human and structural capital and improving the firm performance. But the findings did not support the view that in younger companies the relationship between entrepreneurial orientation and performance is stronger. There is little research on the effect of company age and intangible resources on the relationship between entrepreneurial orientation and the performance of Iranian companies. This research will be useful in increasing knowledge and filling the research gap.

Keywords: Firm Age, Entrepreneurship, Firm Performance, Intangible Resources.

JEL Classification: G32, M12, M41, L25, L26.

COPYRIGHTS



This is an open access article under the CC-BY 4.0 license.