The Impact of Suggestions to Entrepreneurial opportunity recognition Case study: Bank Tejart of Iran

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Abstract

This article was written with the aim of investigating the effect of the principled establishment of proposals on identification of entrepreneurial opportunities. In this paper, Bank Tejart of Iran has been selected as one of the organizations active in the field of suggestion system as the study organization. The suggestion system is known as a management tool that is used to establish participatory management in the organization. The institutionalization of this system in the organization, in addition to increasing creativity, motivation and morale of the personnel in the organization and spiritual effects, can lead to increased profitability and positive material effects. In this article, after reviewing the literature of the suggestion system and Entrepreneurial opportunity recognition, we first outline the effect of the Suggestion system on the organization on the personality characteristics of individuals, including creativity and risk-taking, and then the effect of these personality feature on Entrepreneurial opportunity recognition in the Bank Tejart of Iran Review. The findings of this qualitative research were carried out through the Focus Group method, whose members were experts in the suggestion system at the management consulting centers and the operators of this system at the Bank Tejart of Iran. These findings show the positive effect of the suggestion system on the creativity of the staff and managers of the bank. The positive effect of the suggestion system on the managers' risk-taking, the positive effect of creativity of the staff and managers on the identification of entrepreneurial opportunities, and ultimately the positive impact of personnel and managers risk-taking on the recognition of entrepreneurial opportunities at the Bank Tejart of Iran is The results of this research do not confirm the positive impact of the Suggestion system on personnel risk.

Keywords: Entrepreneurial opportunity recognition, Suggestion system, creativity, risk-taking

Introduction

What forms the core of most entrepreneurial process patterns is the opportunity. According to many researchers in the field of entrepreneurship, the most important step in any entrepreneurial process is identifying the opportunity. In other words, entrepreneurship means the behaviors that lead to identification and exploitation of opportunities by individuals and organizations (Mousavi Bazargani, 2006). Suggestion system welcomes the people with constructive thoughts similarly regardless of their job and status. Besides not undermining or distorting decision-making authority and responsibility of management, it brings about the necessary conditions for material and moral encouragement of the personnel for the provision of constructive ideas to make use of the creativity and dynamism of human thinking for growth and development (Ghasemi and Moradi, 2011). Bank Tejarat of Iran, with about 29,000 personnel, is the largest Iranian bank. This bank has 2700 branches, 202 districts, and 36 branch offices throughout the country and is considered the country's largest banking network in this regard. In (2009), with the sale of one billion and 8 million and 180 thousand shares of its total shares, the bank became a private organization and entered the stock market. Organizational entrepreneurship brings together aimless and wandering public savings and enhances capital formation. Organizational entrepreneurship can be perceived as the factor stimulating competition, merging and providing production elements responsible for organizing resources and their effective use, integration and market communication, cause of eliminating problems, gaps and bottlenecks in the market and society, one of the production factors, reducing the administrative bureaucracy, reducing the slackness and encouraging pragmatism, and so on. Moreover, it is considered as the factor contributing to national and local transformation and revitalization (beyond occupation and profession, entrepreneurship is a lifestyle), creation, recognition, and expansion of new markets, innovation.

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factor and the motivating change, and the factor of equilibrium in the dynamic economy (Abbazadeh, 2013). The ingenuity of organizational entrepreneurship and creativity and the unique role of creativity in Entrepreneurial opportunity recognition make the purpose of this study become clearer. Using creativity and creative ideas of employees and ultimately organizational entrepreneurship can increase the efficiency and productivity of the organization by improving the organization’s current methods and processes and creating new procedures. Moreover, suggestion system is now considered not only as one of the tools for managing creativity and employees’ ideas, but also as one of the factors creating ideas and creativity of the organization. Thus, in this paper, we intend to introduce suggestion system as one of the factors creating creativity in individuals and Entrepreneurial opportunity recognition in the organization.

Literature review

Suggestion system is composed of two words “system”, meaning a set of interconnected components with mutual interaction working for a joint purpose, and “suggestion” that is any new thought and idea that can make a positive change, improve the method, increase quality, reduce costs, raise employee morale, and overall, increase productivity (Ghasemi and Moradi, 2011). Milner et al. (1995) defined the suggestion system as an official mechanism that encourages employees to help their organizations improve by their applied ideas. In this system, the ideas implemented are appreciated through granting financial rewards or other forms of reward, usually in form of a share of the benefits derived from the implementation of the suggestion. The International Labor Organization (ILO) defines suggestion system as “A way to get employees' ideas in areas often under their control” (ILO, 2010). In another definition, suggestion system is defined as a set of procedures assuring correct and fair management of employees' ideas (Heartmann, 2007).

This system helps the organizations to be more creative and reduce their cost (Boatch et al., 2010). In fact, suggestion system is a useful way to receive and apply creative ideas of the employees. Employees must be encouraged to have creative thinking and participate in the Suggestion system (Fairbanks and Williams, 2001). The Suggestion system will motivate employees to apply their experience, expertise, and creativity to improve the business management. This system is an official procedure that encourages the people to think creatively about their work and working environment and to put forward some suggestions to improve it, and if they are accepted and useful, be rewarded based on the principles outlined (Marx, 1996). This system is the oldest form of making the managers aware of the employees' say, which is useful for any organization that wants to change its structure, culture and technology (Akra Jara and Okpa, 2013). Irief et al. (2010) consider the support of senior management, ease of use, support of colleagues, transparency of the participation aspect, rewards and feedback as the most important factors in the success of suggestion system.

History of suggestion system in the world and Iran

The first Suggestion system recorded in history is attributed to William Danny and Brothers owners of a Scottish Shipbuilding in 1880 (Stanmark, 2001) in Germany and in 1872 it was the first company Krupp of Germany that pioneered to implement the suggestion system. He also developed the salaries and benefits of employees in that year. In that year, Krupp set up a wide range of suggestions on how to submit proposals, evaluations, and approval or rejection of the suggestions, and how to dynamize the Suggestion system. John Bennyan first introduced the system for accepting and reviewing suggestions in America in 1894. This system was implemented under the name of N.C. R. Patterson system, the founder of the American Financial and Capital Markets Company, called “Hundred brains”. He was the first person in the United States to enter the Suggestion system into the N.C.R factory system in a completely emotional and way.

The role of the Suggestion system in increasing creativity

Today, many organizations have recognized the importance of creativity and innovation of the employees in the organization. The Suggestion system is one of the tools that stimulate the creativity of individuals (Van Dick and Van Ana, 2002). Based on this, we conclude that the Suggestion system does not only use the ideas created
by the personnel, but also increases the creativity of individuals actively. Findings of Wang and Pong (2003) suggest that the Suggestion system receives good ideas not only from intelligent people but also from people with average intelligence. This also refers to the effective role of the Suggestion system in the creativity of individuals, which is called “Increasing the creativity of personnel through the Suggestion system”. Vijayarani and Rajamanogari (2013) consider Suggestion system one of the most important tools for enhancing creativity of the personnel.

**Entrepreneurial opportunity recognition**

In recent years, with the development of entrepreneurship research, identifying opportunities has been the focus of researchers as the focal point for entrepreneurship. Undoubtedly, identifying the opportunities without considering their entrepreneurial processes leads us astray on it. Thus, we can see its inextricable connection with entrepreneurship in definitions of opportunity identification. The emphasis on opportunity and opportunity identification was to the extent that opportunity identification was considered the heart of entrepreneurship (Moghimi, 2014). Holt (2004) believes that the importance of entrepreneurship in the economic development of countries and the increase in resources have made it one of the four main economic factors, along with labor, land and capital. This process is implemented, in different environments and different economic systems, by those who recognize the economic opportunities for value creation for individuals and society. Kruger (1998) argues that the heart of entrepreneurship tends to see and use the resources of opportunity. In this rapidly changing world, organizations need to identify new opportunities constantly beyond their present conditions. If they want to survive, then they have to focus strategically on identifying new opportunities. Moreover, Kanka (2003) considers entrepreneurship as an effort to create value by identifying business opportunities, taking the risks of opportunity implementation, and using communication and management skills to attract raw materials and human and financial resources to make that project fruitful (Moghimi, 2004).

A review over the literature in identifying opportunities shows that this literature encompasses several interconnected concepts, such as opportunity development, identification, and evaluation. These concepts are, in fact, the main activities that take place for a business before formation or while re-structuring. However, separating these three processes can make their analysis and description easier. In practice, these three concepts overlap and affect each other. For example, some activities of opportunity development may take place before the identification of the opportunity, whereas they are not connected to the initial development and identification is logically expected to occur before development. Opportunities may be evaluated several times during the development process (Ardichovili, Cardoso and Ray 2003). “An opportunity is the likelihood of supplying a market demand (or a request or an interest) through a creative combination of resources for more value, but opportunities are a spectrum of phenomena that start in an unstructured way and develop over time. In its very basic form, what is later called an opportunity emerges as a well-defined market need or unused resources and capacities. In the next steps, new technologies, inventions with no markets defined, or ideas for products and services are included in this definition. Given this definition, we can define opportunity identification” (Khajeian, 2008).

**Factors effective in opportunity identification**

The main factors affecting the process of diagnosis and development of opportunity are:

1) Entrepreneurial vigilance
2) Access to information and prior knowledge
3) Exploratory research versus targeted research
4) Social networks
5) Personality traits, including risk-taking and creativity (Arora & Bunny, 2003)

From among the above factors, we only focus on the fifth factor, personality traits. Numerous studies have been conducted on personality traits, among which creativity and risk-taking have been focused on more compared to
other factors. The source and citation and their positive impact on the process of recognizing the opportunity have been confirmed in many studies (Jones, 1986). “Creativity is the quick identification of problems and providing solutions without having to re-shape resources or modifying them. According to Herbert Fuchs, the process of creativity is any mental process that solves a problem usefully in a new way. Moreover, the ability to relate and connect the topics regardless of what field or fields they are done in is of the cases of utilizing creative mind. Kaiser sees creativity as the use of mental abilities to create a new thought or concept. In general, the emergence of creativity is expected in any activity and is not limited to a special kind of activity. However, what matters in the emergence of new thinking and generally in the process of creativity is the thought. Hills, Lampkin and Sain of the University of Illinois at Chicago have used believing oneself as a creative individual, emphasizing the importance of creativity in identifying opportunities, the time devoted to creative thinking, and the ability to create creative ideas for the definition of creativity” (Saremi and Alizadeh Sani, 2009).

![Conceptual Model of Research](image)

**Figure 2: Conceptual Model of Research**

**Research Questions:**

1. What effects does the Suggestion system have on Entrepreneurial opportunity recognition in Bank Tejarat of Iran?
2. What effects does the suggestion system have on increasing creativity of employees and managers?
3. What effects does the suggestion system have on increasing the risk-taking of personnel and managers?
4. What effects does the creativity of the personnel and managers have on the recognition of entrepreneurial opportunities?
5. What effects does risk-taking of personnel and managers have on Entrepreneurial opportunity recognition?

**Hypotheses:**

The main hypothesis:

1) The suggestion system has a positive and significant impact on Entrepreneurial opportunity recognition.

Sub-hypotheses:

1) The suggestion system has a positive and significant impact on increasing creativity of personnel and managers.
2) The Suggestion system has a positive and significant impact on increasing the risk-taking of personnel and managers.
3) Creativity of personnel and managers has a positive and significant impact on the identification of entrepreneurial opportunities.
4) Risk-taking of personnel and managers has a positive and significant impact on the identification of entrepreneurial opportunities.
Methodology

The present study is applied in terms of nature, and the research is qualitative due to the difficulty of measuring the desired variables and its measurement in terms of numbers. In qualitative research, the researcher obtains the data directly from the experience regardless of the phenomenon studied. This was a qualitative-heuristic study using descriptive method, and was applied in terms of nature. The population was all Bank Tejarat of Iran and the sample was 14 provinces throughout Iran.

Data collection tools and method

The tool used in this research is interview. We used three types of interviews as mentioned below: unstructured interviews, structured interviews, and semi-structured. Data collection methods were both field and library.

Findings

This part of the research explains the results of the study obtained through focus group approach with the participation of the scientific experts of the Suggestion system and operators of this system Bank Tejarat.

1. The Effect of suggestion systems on Entrepreneurial opportunity recognition in Iran's Bank Tjarat

To assess the innovation in Iran's Bank Tjarat, we need to answer this question: “Do all entrepreneurs have to innovate?” In their book Opportunities and Ideas of Entrepreneurship, Yadollahi Farsi, Golabi and Mehrabi (2011) considered the answer to this question negative. Yadollahi et al. (2011) argue, “Entrepreneurship is the supply of resources and then risk-taking to obtain market opportunities. They also believe that an idea or an innovation can succeed in case of achieving the following items.

1) Creating new value  
2) Creating Value Added  
3) Reduce costs  
4) Market development

Thus, we must bear in mind that entrepreneurial activity does not necessarily end in innovation. With careful attention to the activities of the personnel in the suggestion-system at Bank Tejarat of Iran, we find that most of the suggestions offered by them have led to increased value added or reduced costs, and in some cases even led to the creation of new products. In this section, we will present the statistics of the activities of the Suggestion system in Bank Tejarat of Iran. The table below shows the number of suggestions received the status of their review, approved, and implemented suggestions in this firm in 2016.

<table>
<thead>
<tr>
<th>Title</th>
<th>Number</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of proposals received in year 2016</td>
<td>2617</td>
<td>5/24</td>
</tr>
<tr>
<td>Proposed suggestions</td>
<td>14</td>
<td>0/5</td>
</tr>
<tr>
<td>Initial approval</td>
<td>35</td>
<td>1/2</td>
</tr>
<tr>
<td>Review and the decision-making</td>
<td>132</td>
<td>5</td>
</tr>
<tr>
<td>Waiting for reviews by the entire departments</td>
<td>649</td>
<td>25</td>
</tr>
</tbody>
</table>

We will outline some of the suggestions implemented in the bank in 2016, many of which have earned significant revenues for the bank.
Table (2) - Title of some Suggestions made by the Bank of Tejart in the year 2016

<table>
<thead>
<tr>
<th>Row</th>
<th>Number Suggestion</th>
<th>Title of Suggestion</th>
<th>Provincial Place Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10154</td>
<td>Possibility to allocate cards to pensioners who have other accounts in the bank</td>
<td>Khorasan Razavi</td>
</tr>
<tr>
<td>2</td>
<td>10333</td>
<td>Changing how to print an online banking bills</td>
<td>Yazd</td>
</tr>
<tr>
<td>3</td>
<td>10579</td>
<td>Improve the performance of branches in registering litigation and litigation costs</td>
<td>East Azarbaijan</td>
</tr>
<tr>
<td>4</td>
<td>10742</td>
<td>Changes in temporary bills</td>
<td>Khorasan Razavi</td>
</tr>
<tr>
<td>5</td>
<td>10841</td>
<td>Integrate account opening examples</td>
<td>Directorate of Research and Planning</td>
</tr>
<tr>
<td>6</td>
<td>10956</td>
<td>Serial Registration at Account Opening</td>
<td>Khorasan Razavi</td>
</tr>
<tr>
<td>7</td>
<td>10964</td>
<td>Creating the possibility of submitting the proposal confidentially</td>
<td>East Azarbaijan</td>
</tr>
<tr>
<td>8</td>
<td>11138</td>
<td>Announce the end of the year in the Sphere system</td>
<td>Esfahan</td>
</tr>
<tr>
<td>9</td>
<td>11256</td>
<td>Display the default accounts</td>
<td>Bushehr</td>
</tr>
<tr>
<td>10</td>
<td>11333</td>
<td>Registration of debtor and expense items</td>
<td>Esfahan</td>
</tr>
<tr>
<td>11</td>
<td>11510</td>
<td>Calculate the ratio of profit for banks in facility management partnership</td>
<td>West of Tehran</td>
</tr>
<tr>
<td>12</td>
<td>11702</td>
<td>Modify option 6351</td>
<td>Hamedan</td>
</tr>
<tr>
<td>13</td>
<td>11835</td>
<td>Amendments to the contract for the completion of housing</td>
<td>Yazd</td>
</tr>
<tr>
<td>14</td>
<td>10065</td>
<td>Reduce claims by reviewing creditor accounts</td>
<td>Hamedan</td>
</tr>
</tbody>
</table>

2. The effect of the suggestions system on increasing the creativity of personnel and managers

Analysis of focus group discussions and interviews with experts indicated the positive impact of establishing a Suggestion system and the active participation in this system in increasing the creativity of staff and managers. The results suggested that the side effects of deploying the suggestion system, such as maintaining the existing creativity space, motivational discussions, training, etc., make employees show more creativity; and seeing the results of implementing their colleagues’ suggestions, they start to think more creatively about their work environment and make potential improvements in their work. The recent issue is also important for increasing creativity of managers. The personnel's careful and creative seeking to identify their losses, improve their work, and inform the organization them of them in a systematic way will also make managers try to take a step forward from their personnel and ahead of them, and identify the weakness of the work and try to fix it. Accordingly, the existence of creative suggestions systems in the organization, according to the experts interviewed in this study, increases both the creativity of the personnel and the managers of the organization.

3. The effect of the Suggestion system on increasing the risk-taking of personnel and managers

The analysis conducted regarding this hypothesis shows mixed results. Some people interviewed in the focus group meetings believe that there is no positive relationship between establishing a Suggestion system and increasing the risk-taking of individuals. It should be noted that these people all believed that the risk-taking of individuals could have a significant impact on increasing participation in the Suggestion system, but they do not perceive the opposite case, which is the research hypothesis, as positive. Nevertheless, another team of interviewed experts at the focus group meetings denied the impact of the suggestion system on risk-taking, assessing its impact on managers' risk-taking as positive. The group believes that by offering suggestions that are not seemingly practical, but if implemented create massive changes in the organization, risk-taking staff test their managers' risk appetite and maybe reinforce this ability of their managers. Thus, one can say that,
according to experts, the suggestion system has been ineffective in increasing employee risk-taking, but it can lead to increased risk appetite for managers.

4. The effect of creativity of personnel and managers in Entrepreneurial opportunity recognition

Individuals present at the focus group sessions of this study have all come up with opinions confirming previous studies on this hypothesis and endorsed the results of previous studies. Accordingly, the experts’ view was that the increase in personnel creativity has a positive impact on the identification of the entrepreneurial opportunities of personnel. These individuals presented the results of the improvements made by the personnel (including the results of suggestion system) as evidence of their claims, and acknowledged that the creativity score of personnel with superior suggestions has significant differences with the score of creativity of other personnel. This is true for the managers of Bank Tejarat. By examining the performance of the Secretariat of the suggestion system of Bank Tejarat of Iran, we find that a large part of the bank’s suggestions is received from only a few branches of the bank. Moreover, we make sure of the accuracy of this hypothesis, when we compare the creativity of these managers with the managers of other branches.

5. The effect risk-taking of personnel and managers on the identification of entrepreneurial opportunities

The opinion of the expert of the Suggestion system and the operators of suggestion system at Bank Tejarat of Iran confirms this hypothesis. According to them, employee risk-taking is an effective factor in Entrepreneurial opportunity recognition, without which personnel do not have the necessary mobility for organizational entrepreneurship or they see no need to change. The same is true of managers. As long as the managers do not have the risk appetite necessary to make changes in the organization, they cannot be effective in Entrepreneurial opportunity recognition in the organization and start organizational entrepreneurship.

Discussion and Conclusion

This paper was conducted based on library and field studies, and explained the impact of the Suggestion system on Entrepreneurial opportunity recognition. By reviewing the literature of the subject, the paper explained the quality of increase in creativity and risk-taking by the Suggestion system in the organization and then the role of creativity and risk in Entrepreneurial opportunity recognition. Then, by examining one of the existing models in the field of effective factors in identifying entrepreneurship opportunities, the role of creativity and risk-taking were explained in increasing the ability of individuals to identify opportunities. Thus, creativity and risk-taking were introduced as an interconnected loop of the Suggestion system and the identification of entrepreneurial opportunities.

The results of the research showed that the Suggestion system has a positive effect both on increasing creativity of staff and in increasing creativity of managers in the organization by creating a collaborative space, stimulating the creativity of individuals through the system of motivation, education and acculturation. In addition, regarding the impact of suggestions system on risk-taking, the results showed that this system does not affect the personnel creativity, but can be effective in increasing the risk-taking of managers. The reason for this is the lack of clarity of the results of suggestions provided by individuals to the organization. Experience suggests that the prediction of the implementation of the suggestion is not always accurate and sometimes the result is much more frustrating than the initial prediction. Therefore, the approval of a suggestion by a manager indicates his risk appetite and his willingness to take risks.

Regarding the effect of creativity of personnel and managers on Entrepreneurial opportunity recognition, the results of the research were positive and confirmed the results of previous research in this regard. Accordingly, the creativity of personnel and managers increases the entrepreneurial opportunities in the organization. The creativity of personnel and managers makes it possible to show the angles of work that may be hidden from the eyes of others. Thus, creative people see things differently, and if entrepreneurial view is added to this, the
recognition of entrepreneurial opportunities in individuals is strengthened. Similar results were obtained regarding the impact of risk-taking on Entrepreneurial opportunity recognition, according to which the increase in risk-taking of the personnel and managers has a positive role in Entrepreneurial opportunity recognition in the organization.

Suggestions

1. Paving the ground in the organizations for the staff to provide suggestions to create new opportunities.

2. Encouragement of the staff by managers to provide suggestions for creativity and innovation in the organization.

3. Supporting to reduce the risk of suggestion submitted.

4. Creating new opportunities using creative suggestions.

5. Supporting risky suggestions to create new opportunities.

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