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IMPACT OF SOCIAL CAPITAL DIMENSIONS ON ENTREPRENEURIAL ORIENTATION THROUGH THE MEDIATING ROLE OF DYNAMIC CAPABILITIES

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Abstract. The purpose of this research is to investigate the effect of structural, communicative and cognitive capital on entrepreneurial orientations with regard to the role of dynamic capabilities. The statistical population of the research is all the food industry companies that are active in Rasht and number is 64 units and using Cochran sampling formula, 116 senior executives of these companies were examined using the convenience random method as the final sample of the research. The data collection tool was a questionnaire consisting of 19 items. In order to analyze the collected data, structural equation modeling and confirmatory factor analysis were used. The results of the assumptions revealed that structural and communicative dimensions of social capital have a significant effect on the entrepreneurial orientation of the companies. However, cognitive dimension did not show a significant effect. Also, all aspects of social capital have a significant effect on dynamic capabilities in companies and dynamic capabilities play the role of a mediator variable.

Keywords: Entrepreneurial orientation, Social capital, Dynamic capabilities, Industrial city.

Introduction. In recent decades, entrepreneurial orientation has been proven as a factor in distinguishing companies in entrepreneurship literature. Entrepreneurship orientation is defined as the strategic orientation of companies that reflects their methods, actions and decision styles and managers use this perspective for entrepreneurship. Contrary to extensive literature on the relationship between entrepreneurship orientation and corporate performance, few studies have analyzed the results of this relationship (Sciascia et al., 2014). Therefore, the origin of the emergence of an entrepreneurial orientation remains uncertain and researchers need to move to the study of less investigated areas, such as corporate social capital in order to explain and anticipate entrepreneurial orientation (Wales et al, 2013). In this regard, Statem & Elferring (2008) stated that the study of how social capital influences on entrepreneurial orientation is a very important area of research. The limited number of studies

conducted in this area have not been able to clarify how social capital influences entrepreneurial orientation. Because they have obtained contradictory results that sometimes have a positive relationship, some negative relationships, and some other non-linear relation research. (Molina-Morales & Martinez-Fernandez, 2009). For this reason, in order to better understand this particular research issue and fill this important gap in entrepreneurship, we have introduced dynamic capabilities in this research as an important factor in explaining this relationship.

The literature of research. Entrepreneurial orientation. The tendency towards entrepreneurship is one of the strategic orientations that which shows how a company is organized to discover and exploit market opportunities (42). This factor represents the process aspect of entrepreneurship, because it is related to the methods, practices and decision styles of the methods, which managers use for entrepreneurial activities (43). The goal of implementing entrepreneurial strategy processes is to realize the corporate goals of the companies maintain their future position and create competitive advantage (Rauch et al, 2009). The tendency towards entrepreneurship in terms of attributes is a market management approach that brings change and novelty to the markets (45) and entrepreneur companies are looking to experience new technologies, They are eager to find the right opportunities in the market and they are prepared to implement venture capital investments (46). Therefore, many scholars believe that entrepreneurial orientation actually consists of three dimensions of innovation, activity and risk taking (Mehrani & Sadeghi, 2015). The most comprehensive definition of entrepreneurial orientation was presented by Miller (1983); He believed that if a company constantly introduced innovations in its products, and the company is risk averse, and also behave actively; The company has an entrepreneurial tendency (Davis et al, 2010). Maurice and Paul (1987) also defined entrepreneurial tendencies as the desire of senior management to accept calculated, innovative, and pioneering risks. Entrepreneurial orientation is also considered as an important organizational process which leads to the survival and improvement of corporate performance. As an element of strategic orientation, entrepreneurial orientation represents the type of corporate decision making and creative style in action. One of the main indicators of entrepreneurial orientation is pioneering and risk-taking policies which can help companies in identifying and seizing new business opportunities and in anticipating and discovering the potential of markets (Farahani et al., 2012). According to Miller (1983), an entrepreneurial orientation has three dimensions of innovation, risk taking and leadership, which, of course Lee et al. (2008) found in their study, risk-taking through the three dimensions of entrepreneurial orientation can be particularly useful for the organization's operations. Indeed, risk aversion has always been considered as an essential characteristic of entrepreneurship (Agca et al, 2012). However, Atheon Gima & Co (2001) suggested that companies should offer high levels of market orientation and entrepreneurial orientation, While Boyan et al. (2005) argued that moderate levels of entrepreneurship in combination with high levels of market orientation are desirable.

Therefore, it became clear that entrepreneurial orientation may provide organizations with dynamic and innovative capabilities to utilize resources to improve the organization's performance (AkbariBurang et al., 2014). Innovation in the entrepreneurship process was first introduced by Schumpeter, as such; the concept of innovation was described as a process of "creative destruction" that focused on creating wealth and value, due to the introduction of new goods or services. In fact, innovation is a process in which, through the deconstruction of the market and the introduction of new products or services, wealth and value are created which will move resources to new firms, and thus allows the growth of new firms (Taqizadeh and Fekrat, 2017). Risk-taking means that the organization is looking for entrepreneurial opportunities, regardless of whether resources are possible or impossible and enters new and unknown markets and with specific results, it pays an investment. Being pioneering, looking for opportunities, is looking forward to being promising to introduce new products and services before starting to compete and anticipating the future to make changes in the environment (Huanga & Wang, 2011).

Social capital. Today, along with human and economic capital, another capital, called social capital, has been considered. Social capital, or the spiritual dimension of a community, is a historical heritage. This, by encouraging individuals to collaborate and engage in social interactions, is able to overcome a greater degree of problems in the community, and make it possible for economic, political and cultural accelerated development. According to Fukuyama (2000) and Field (2007), this capital is a collection of informal norms or values in social systems that reinforce the level of community members' collaboration, it is, in fact, a source of mutual expectations that is shaped by wider networks, trust and shared values and place at a higher level than people. Pathnam (1993) considers social capital to be a set of features of social life, such as normative networks and trust that can contribute to advance common goals (Karami and Ali Beigi, 1394). In the context of the concept of social capital, in a comprehensive notion of Nahapiet and Ghosal (1998), they define it as the actual and potential sources, accessible through and derived from the network of relations of an individual or a social unit. Today, social capital plays a much more important role than physical and human capital in organizations and societies. Indeed, in the absence of social capital, other funds lose their effectiveness (Hashemi and Nowroozi, 2009). So far, various definitions of social capital have been made. Pierre Bourdieu believes that social capital is the sum of physical or

non-physical resources, material or spiritual, which allows a person or group to the group allows the sustainability network to have a more or less institutionalized relationship of familiarity or cognition (Sadeghzadeh and vali Netaj, 2011). Nahapiet and Ghosal (1998), the organizational approach of the components, place different aspects of social capital into three classes 1) Structural dimension: This dimension considers the general pattern of relationships found in the organization and includes the amount of communication that people make with each other in the organization, 2) Communication dimension: The nature of relationships within an organization is included. In other words, while the structural dimension emphasizes whether employees in one organization linked to each other or not, in the dimension of communication, it focuses on the nature and quality of these communications. 3) Cognitive dimension: Includes a subscriber's share of employees of an organization / social network in one view or a common understanding between them and similar to the communication dimension, refers to the nature of the communications of individuals in an organization (Badsar et al., 2015).

Dynamic Capabilities. In recent years, the dynamic capabilities approach has attracted a lot of attention in the management literature. (Helfat & Martin, 2015) and has led to changes and adjustments in the resource-based view. This approach explains how companies in a dynamic environment can gain competitive advantage and survive in the long run (Schilke, 2014). The main topics in the dynamic capabilities approach are focused on two main aspects. First, the nature and concept of dynamic capabilities and its origin, and second, the effects and outcomes of these capabilities are dynamic capabilities approaches based on two scientific bases. On the one hand, Eisenhart and Martin (2000) state that dynamic capabilities can be the best practices and common attributes of companies and on the other hand, Tis et al. (1997) consider dynamic capabilities as a special combination of corporate unique capabilities (Peteraf et al, 2013). Nevertheless, Petroff and his colleagues emphasize the possibility of uniting these two contradictory approaches and they have preserved these assumptions. Despite the advances that have taken place in recent years, the road ahead is not clear. In defining dynamic capabilities, the ability to participate in the integration, creation and rearrangement of internal and external competencies to confront constantly changing environments. Therefore, in a constantly dynamic environment, not only the proliferation of valuable corporate resources is necessary to achieve sustainable competitive advantage, Companies must also have the ability to propagate dynamic capabilities (Rodrigo Alarcon et al 2017). Despite the advances made in recent years in terms of dynamic capabilities conceptualization, one of the main problems is the existence of numerous structures and measurement which has encountered many difficulties in measuring this concept (Li & Liu, 2014).

In the followings of Jontonton et al. (2012), we use the Wang and Ahmed (2007) proposed categorization. This classification has three main dimensions, which is also very relevant to the classification of Tis (2007). 1) Adaptability capacity, which refers to the ability of companies to identify and gaining the benefits of opportunities for new markets 2) Absorption Capacity, which indicates the ability of the company to identify the value of new information obtained from outside the company and the integration of this information and the proper use of this information. 3) Innovation capacity which refers to the ability of the company to engage in moving and combining the knowledge of its employees to create new knowledge that results from the production of new products or processes (Makkonen et al., 2014).

Conceptual model of research. Given the theoretical issues and the checking the history of relationships between variables, the conceptual model of the present study, which is taken from the study of Rodrigo Alarcon et al. (2017), is shown in Fig. 1. Three dimensions of social capital include cognitive, communication and structural capital as independent variables of the model and entrepreneurial orientation is also a dependent variable of the research. Also, in this research, the role of the mediating variable of dynamic capabilities is also examined.

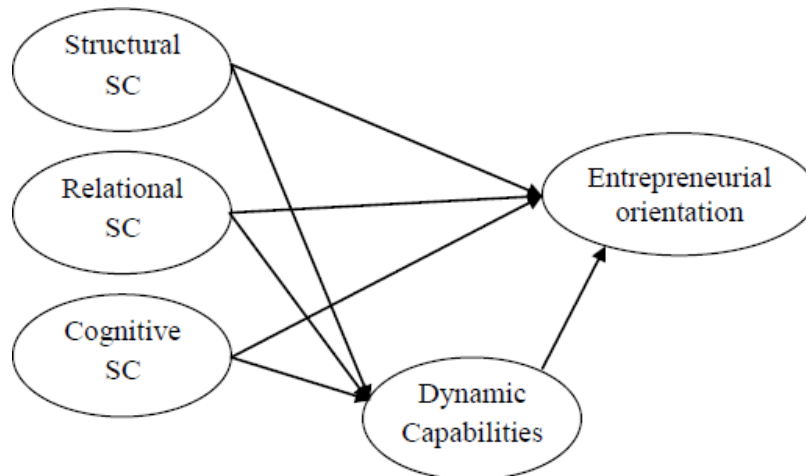


Figure 1: Conceptual model of research

- H1: Structural social capital has a significant effect on entrepreneurial orientation.
- H2: Relational social capital has a significant effect on entrepreneurial orientation.
- H3: Cognitive social capital has a significant effect on entrepreneurial orientation.
- H4: Structural social capital has a significant effect on dynamic capabilities.
- H5: Relational social capital has a significant effect on dynamic capabilities.
- H6: Cognitive social capital has a significant effect on dynamic capabilities.
- H7: Dynamic capabilities have a significant effect on entrepreneurial orientation.

Research methodology. The present research is an applied research method and is descriptive in nature and method. The statistical population of the present study is the food industry companies of Rasht, which has 64 units, using the Cochran sampling formula, the estimated sample size was 116 people. The required sample was selected using the available unpredictable method available from senior executives of these companies. The tool used to collect data was a questionnaire consisting of 19 items. The reliability of it was evaluated using Cronbach's alpha and its validity was verified using confirmatory factor analysis and extracted mean variance.

In order to analyze the model, we used of fit indices and in order to test the research hypotheses, structural equation modeling was used using Lisrel software. In order to calculate the convergent validity of the questionnaire structures, Fornell and Larcker have proposed the use of the AVE benchmark. In AVE, at least 0.5 indexes have good convergent validity. This coefficient is summarized in Table 1 for all research variables. The highest value among the variables of the research is the structural capital variable and then the associated capital variable and after that, is the communicative capital variable which represents values of 0.638 and 0.582, respectively and suggests that these variables are better than other variables. The smallest value is also the dynamic capabilities variable with a value of 0.519. Cronbach's alpha method was used to calculate the reliability of the questionnaire that the results are shown in Table 1. The alpha coefficient greater than 0.7, indicates an appropriate reliability of the research variables.

Research findings. Based on the results of data collection, 84% of the sample is male and the remaining 16% are women. Also, 53.2% had a bachelor's degree with the highest frequency, then 19.2% had a diploma and higher and 27.6% had a master's degree or higher. In other words, more than 80% of the interviewees have a bachelor's degree or higher. The most frequent age of managers is for the age of 40 to 50 years old with 53.6% and then for the age of 50 up to 30.5%.

Table 1: Description of main variables of research

Variable	No. of question	Mean	S. D.	Alpha	AVE
Structural social capital	3	3.0214	0.52143	0.810	0.638
Relational social capital	4	3.2801	0.48912	0.733	0.582
Cognitive social capital	3	3.2462	0.51290	0.711	0.532
Dynamic capabilities	4	3.0227	0.64331	0.830	0.519
Entrepreneurial orientation	5	3.0721	0.48878	0.879	0.566

Structural Equation Modeling. In this research, to examine the structure of the model and test hypotheses, the structural equation modeling technique and Maximum Likelihood Method using Lisrel 8.54 software was used. But one of the prerequisites for using this method is the normal distribution of variables which this was confirmed by the Kolmogorov-Smirnov test. The results of the assumptions are shown in Table 2. In this table, all available paths are based on research hypotheses as well as significant numbers and t meaningful coefficients and on this basis; it is possible to check the appropriateness or rejection of assumptions.

Table 2: Path Analysis of Assumptions

Path		Beta	t	Result
Structural Social Capital	to Entrepreneurial orientation	-0.28	3.17	Accept
Relational Social Capital	to Entrepreneurial orientation	0.19	2.28	Accept
Cognitive Social Capital	to Entrepreneurial orientation	0.09	1.33	Reject
Structural Social Capital	to Dynamic capabilities	0.39	4.83	Accept
Relational Social Capital	to Dynamic capabilities	0.41	5.21	Accept
Cognitive Social Capital	to Dynamic capabilities	0.37	4.08	Accept
Dynamic capabilities	to Entrepreneurial orientation	0.59	7.22	Accept

According to the results of the structural equation modeling test, the conceptual model under study in the present study is as follows. As shown in the model, the dynamic capabilities of companies lead to the strengthening of the impact of social capital on entrepreneurial orientation and the role of the mediator of dynamic capabilities is confirmed.

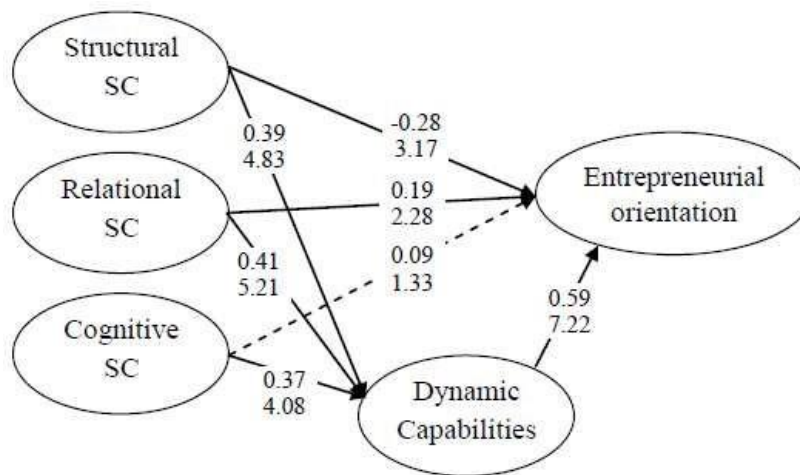


Figure 2: Conceptual model after SEM test

Conclusion and suggestions. The results showed that social capital dimensions had a significant effect on entrepreneurial orientation in food industry companies. In this context, structural capital has led to limited entrepreneurial orientation by managers and employees. In some ways, it limits the ability of companies to achieve new work practices and flexibility in doing business. As shown in Table 2, as corporate capital increases, entrepreneurial orientation changes in the opposite direction. Communication capital in food industry companies also leads to improvement of entrepreneurial orientations in companies and we can use the communication capabilities of employees and managers to strengthen new and innovative activities in companies. On the other hand, based on the results of the research, cognitive capital has not had a significant effect on the entrepreneurial orientation of the companies. The important result from the research model test is influencing the dimensions of social capital on the dynamic capabilities of companies. So, with the support of social capital, employees can explore different ways to carry out their duties and the company can easily find out the ways to Getting out of the crisis and challenges in the face of market changes, as well as anticipating changes in the market, can quickly change the priorities of the workforce. According to the research results, communication capital has the most positive impact on the strengthening of dynamic capabilities in food industry companies. But the results showed that dynamic capabilities are a direct stimulus to strengthen entrepreneurial orientations in companies and can directly affect the innovation and operational performance of food industry companies and if adaptability capacities, knowledge absorption

capacities, as well as innovation capacities in staff and managers are strengthened, companies can see entrepreneurial growth and entrepreneurial desires among their employees.

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