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The survey the Relation between Privatization and Entrepreneurship Development

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Abstract. The present study seeks to investigate the relationship between privatization and entrepreneurship development emphasizing organizational structure, organizational culture, management support, and how they are affected in Water and Wastewater Company of Golestan province, Iran. The research method was survey-correlation and the population included employees (some 205 individuals) who had been chosen by simple random sampling method. To collect data, two standard questionnaires whose reliability as well as validity had already been approved were employed. To analyze data, Friedman test and Spearman correlation were taken into account. The findings of the study indicated that in Water and Wastewater Company from the time being private, entrepreneurship has experienced more properly. Furthermore, the results showed that there is a significant relationship between privatization, organizational structure, organizational culture, and management support; meaning that privatization leads to entrepreneurship development. Results also indicated that organizational structure (3.54), organizational culture (3.24), management support (2.50) have been affected more respectively regarding privatization.

Keywords: privatization; development; organizational entrepreneurship; organizational structure

1. Introduction

Entrepreneurship has a near relationship with economic and social development in countries and nowadays is one of the development indexes in developing countries.[1] Generally, economic development is affected by three factors. The first one is the big free markets which makes necessary economic stimulus for entrepreneurs to produce goods and profitable services. The second one is governments which are free from any corruption and assures that economic markets will be fair, neutral, and protected. The third one is the business culture for entrepreneurship development and the growth of capitalism structures.[2] In recent decades one of the best procedures of increasing in productivity of governments is privatization and cession of government activities into the private sector and the opinion of majority of management and economy scientists, is to decrease the government activities and move from agent government into observer government, since the overall believe is that one of the main factors in decreasing its efficiency and effectiveness is magnitude of government.[3]

In this point, i.e. the endeavor of governments to gain a comprehensive development, one of the basic priorities of governments is entrepreneurship and makes a relevant situation for its development. Now, here is a question that is there any relationship between privatization and organizational entrepreneurship development? And how the societies which administer such a privatization can development organizational entrepreneurship?

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2. Literature review

2.1. The Nature and Definition of Entrepreneurship

Nowadays, the importance of entrepreneurship is farther than organizations level, because entrepreneurship is higher than economic or business activity, and motivations related to entrepreneurship are penetrated to the whole parts of society. In fact entrepreneurship is a real and valuable thing which has a special importance in many different countries as a small business. [4]

Scientists of deferent sciences propose deferent definition for entrepreneurship which sometimes has very deferent definitions.

- They know entrepreneurship as a process of hunting opportunities by people, individually (independent entrepreneurship), or in organizations (organizational entrepreneurship) without thinking about available resources of them.
- Entrepreneurship is a process in which entrepreneur make the business and new companies and organizations with the new and creative ideas, identifying new opportunities, and gathering resources. These businesses which can be in risk, lead to introduce new products or services into the society.[5]

Generally, entrepreneurship literature shows that entrepreneurship will make in three following forms:

- Individual Entrepreneurship: Individual entrepreneurship is a process in which a person make a new business and direct it to success with his financial resources, depend on personal characteristic like activity and taking risk.[6]
- Inside Organizational Entrepreneurship: Inside organizational entrepreneurship is a process in which products or innovated processes appeared through making entrepreneurial culture in previously established organization.
- Organizational Entrepreneurship: The meaning of Organizational entrepreneurship is implementation of entrepreneurship process inside the organization, using features like perseverance, taking risk, creativity and innovation that group of people in the organization expanded that.[7]

2.2. The Nature and Definition of Privatization

Privatization is not a new concept and it is not used in developing countries, but it is hundreds of years that the private sector, makes the essential basis in western industrial countries and gained the services of government. [8] Different authorities have described privatization as the followings:

Veljanovski believes that privatization means doing the economic activities by the private sector or transferring the ownership of government assets to the private sector. [9] Ki and Tomson have defined privatization as the followings:" the privatization word includes variety of ways for changing the relationship between government and the private sector like for example not nationalizing, or selling government assets, deregulation, or remove restricting rules and introducing competition in governmental absolute monopolies and contracting out or cession of producing goods and services to the private sector which are managing and supporting by the government.[10] Schwartz believes that privatization in countries with centralized economy, is higher than ownership transferring or regulation adjustment. He says: “Privatization means making new economic system according to the market and finally changing in various dimensions of economy. [11]

Though the government usually combines the various ways of privatization, all of them have their own characteristics and involves various degrees of government and private participation in economic activities. Fig 1 presents the summary of various ways of privatization. With a little attention to various presented ways, you can understand that three last ways in figure 1are conforms with cession of the public sector activities to the private sector. [12]

2.3. Possibilities of Organizational Entrepreneurship Ground Development Model

Developing organizational entrepreneurship is studying in two ways, first from developing results related to entrepreneurship, and second from developing organizational entrepreneurship which the present research is looking for measuring developing organizational entrepreneurship using comprehended presented model. According to library studying of entrepreneurship literature and search in three information banks i.e. ANBAR, EBSCO, and ABI in suitable organizational ground for development of entrepreneurs, totally 77 factors are gained as a encourager of organizational entrepreneurship and finally after analyzing that, they have divided to 32 index for measuring organizational entrepreneurship ground in 3 indexes of organizational structure, organizational culture, and management support which are presented in Fig 2.[13]

Methods	Purposes
Returning and renewed privatization	Returning the confiscated estates or nationalized to the previous owners with sustain a lose to some or all parts of that
Auction	Organized sell by government to provide a bid by private investors about governmental estates or assets
Direct sale	Transferring government estates to the private sector through direct sale to private investors
Stock sale	Public selling of stocks of government agencies in stock exchange or bidding a stock sale to special groups of investors
Public distribution of stocks	Using of bonds, sale coupons, or even free distribution of stocks to citizens for buying stocks of government agencies which are to be private
Signing a contract to presenting public services	Government agreement with private companies for presenting services of management in facilities for a special period and give a concession to the private sector
Cooperate the private sector with the public sector	Mutual businesses between government and the private companies for presenting services
Transferring services to private organizations	Liquidation of government services, giving the permission of presenting services to the private sector, using the private sectors for better and more presenting of the services

Fig 1: Privatization Methods [12]

Factors	The Measurement of indexes of organizational entrepreneurship ground
Organizational Structure	✓ Horizontal structure that is not an obstacle for new ideas ✓ Informal communications, horizontal and from up to down ✓ Powerful personnel ✓ Endure the mistakes ✓ Not worry about description of job ✓ Not consider important to pretending the work of the people
Organizational culture	✓ No governmental area between people ✓ Mutual truthfulness and reliance ✓ The power of decision making in senior management
Management support	✓ Custodian in entrepreneurship activities ✓ Appreciation of the people who have a lot of ideas ✓ Using of personnel's new ideas by the manager ✓ Supporting of small experimental projects ✓ Management innovative experience

Fig. 2: factors and measurement Organizational entrepreneurship ground indexes [13]

The main purpose of the present paper is to determine the relationship between privatization and developing organizational entrepreneurship ground elements (organizational structure, organizational culture, and management support) and also arrangement of the importance of each of these factors.

3. Methodology

The current research method was applied and Survey –Correlation and The population in this study includes all employees and managers i.e. 440 people in Water and Wastewater Company of Golestan province in Iran. The sample of study was 205 people which were selected randomly. The data collected tools in this study were two questionnaires, one has been used to identify the development ground of entrepreneurship and the other one was applied to find out the relationship between privatization with development elements entrepreneurship ground of organization and also the existing documents in the organization. The validity of tools was confirmed through content method and internal consistency and

reliability of the study was determined through alpha Cronbach 0.95 and 0.93 respectively. The data were analyzed by through Spearman correlation coefficient and Friedman test.

4. Results

The results obtained through testing the hypothesis regarding the significant relationship between privatization and organizational structure, organizational culture and management support as the organizational entrepreneurship development elements have been shown in Fig 3.

			organizational structure	organizational culture	management support
Spearman's rho	privatization	Correlation Coefficient	.655**	.515**	.560**
		Sig. (2-tailed)	.000	.000	.000
		N	205	205	205

Fig. 3: Amount of correlation between privatization and the organizational entrepreneurship ground development elements

Having observed the Fig 3, one can easily understand there is a significant relationship between privatization implementing and organizational structure which is of Coefficient 0.655 and also such a significant relationship exists between privatization implementing and organizational culture with Coefficient 0.515 , and also there is significant relationship exists between privatization implementing and management support with Coefficient 0.560. It should be noted that the findings related to priority of privatization effect on the organizational entrepreneurship development elements has been shown in Fig 4.

Ranks

	Mean Rank
Organizational structure	3.54
organizational culture	2.50
management support	3.24

Test Statistics [a]

N	205
Chi-Square	10.116
df	4
Asymp. Sig.	.000

a. Friedman Test

Fig. 4: the priority of privatization effect on the organizational entrepreneurship ground development indexes

The finding shows that the component of organizational structure with the mean 3.54 was the mostly influenced one by privatization and the components such as cultural organization with the mean 3.24 and also management support come at the next positions respectively.

5. Conclusion

This study showed that privatization implementing in this context of study have influenced on components such as organizational structure, organizational culture and also management support and it has developed organizational entrepreneurship ground. In this regard, the organizational structure component is the most effective one and the other components namely organizational culture and also management support are considered to be as the least effective ones influenced by privatization. therefore it can be inferred that the governments in different societies can develop the entrepreneurship bed in the organizations through implementing privatization as soon as possible and consequently be effective in developing the countries. of course, along with the privatization process, some reforms the same as follows regarding the above mentioned components namely organizational structure, organizational culture and management support are offered which can in turn lead to making privatization process as effective as possible:

- reengineering organizational structure and integrating some jobs and parallel jobs and unnecessary and creating specialized units and linear organizational structures
- providing a development ground of group working and holding the appropriate workshop
- creating and making a cooperation spirit and mutual communication among employees
- creating a mutual feeling in the context of organization and changing it to an organizational value so that its existence is considered as a factor effective in maintenance of the organization and its lack is viewed as a deadline for the organization
- the excellent consequential management related to entrepreneurship activities on behalf of the organization
- supporting and appreciating the top managers regarding the new posed ideas, the small examined project and also the talented and innovative personals are considered as affairs which can be posed in the management support variable.

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