

Impact of Managers' Entrepreneurial Skills on Customer Attraction to Private Sports Clubs Based in Tehran

Abstract

This study aimed to evaluate the Impact of the Entrepreneurial Skills of Managers on Customer Attraction of Tehran Private Sports Clubs. This research is a type of descriptive- survey research and is in the group of mixed research (qualitative and quantitative) that in terms of purpose is an applied one. In the qualitative section, content analysis and Semi-Structured Interviews with professors teaching entrepreneurship and physical education along with club managers (10 people) were performed using the Snowball Sampling Method. Hereupon, the entrepreneurship skills components were achieved, and based on this, the managers' questionnaire was built with 51 questions. The statistical population for this research was all sports clubs based in Tehran, from which 300 clubs were selected using the Random Sampling Method. In each club, the manager responded to the questionnaire of the managers and the clients (an average number of 25-35 people) responded to the American Customer Satisfaction Standard Questionnaire (ACSI), the total number of which accounted for 6338 people. To evaluate the validity, reliability, the goodness of fit for latent variables and test research hypotheses, the Structural Equations Modelling method was applied using the AMOS software. The results of Confirmative Factor Analysis proved the validity, reliability, and goodness of fit for latent variables. The research showed that entrepreneurial skills (personal skills and management skills) have significant effects on customer attraction. Moreover, the variables of *pioneering, marketing, independence, planning, communication, decision-making, internal locus of control, commercialization, risk-taking, and innovation* have the greatest effects respectively, the variable of *creativity and wish for success* does not have any significant effect on customer attraction.

Keywords: *Customer attraction, Entrepreneurial skills, Personal skills, Management skills*

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Introduction

As the driving force for socioeconomic development, Entrepreneurship has a fundamental role in the process of development. Entrepreneurship is searching for investment opportunities and creating and administering a successful business (1). The effects of Entrepreneurship on the creation of small and medium-sized enterprises (SMEs) are inevitable. Such effects as producing and distributing the outcome and wealth, creating jobs, and developing various businesses are only a few instances of such benefits (2). The realization of such effects depends on the presence of entrepreneur managers in society, who can transform production and service providing with their skills. To start and administer a successful business, managers need various skills (3).

Among four factors that affect the success of an entrepreneurship process, Kiggundo (2002) has enumerated two of them, namely personal attributes and managerial duties (4). Roomi et al (2009) have mentioned such critical factors as managerial skills, the entrepreneur's attributes, financial resources as well as personal and human skills as determining the growth of small businesses (5). Delmar & Davidson (2003) found in their studies that four main variables affect the growth of small and medium-sized enterprises, namely managerial skills, the entrepreneur's attributes, business characteristics, and company properties (6). To identify and organize business competencies, Ganga (2016) developed a two-dimensional framework including personal and management skills,

believing that paying attention to both of them is essential for professional development (7).

Whether or not entrepreneurship is related to personal characteristics has been dealt with by many scholars in recent decades. McClelland believes that entrepreneurs feel a greater need for success than others (8). As proposed by Rotter (1996), locus of control is described as how to relate resources to oneself and others. As another most commonly-studied personal characteristic, risk-taking is an intrinsic attribute for business owners. Smith (2010) describes the latter concept as being inclined toward profitability in a project characterized by uncertainty (9).

Roberts has described the need for autonomy as "doing something for oneself", "having freedom of action" and "ruling over oneself" (8). Chockesikarin (2014) found that pioneering is an imperative property for success in tourism, having a great effect on appealing customers. (10).

Hussin (2013) argued that among other entrepreneurial skills, managerial skills are particularly important (11). Maine (2014) believes that the most important managerial aspect is decision-making, stating that entrepreneurial decision-making means creating relations with society, recognizing opportunities, bringing out new ideas, and making a prediction for commercializing them (12). Entrepreneurial marketing not only seeks to create a nourishing environment for companies, but bur also affects the appeal of customers and retaining them. (13) Udih & Odibo (2015) believe that knowing the market would help managers to convey their relative advantages to all

unknown corners of the market (14). Agbim (2013) introduces communication skills as one of the primary instruments for gaining customers' trust. Msoka argues that making use of Customer Relationship Management (CRM) enhances institutional value (15). Furthermore, Lee et al. (2016) believe that innovation is a critical success factor for businesses in the long term, particularly in dynamic environments (16).

One of the main duties and aspects of performance management in any organization is performance appraisal (3). Measuring the level of customer satisfaction is considered one of the main factors of managerial systems in organizations and companies. In general, satisfaction is an evaluation of customers' overall experience with the delivered services.

Various processes of customer satisfaction creation can be classified into different models. The most valid model of measuring satisfaction based on theory is the Disconfirmation of Expectation Model. Generally, customers' satisfaction with products and services stems from two variables, namely pre-purchase expectations and cognitive inconsistencies after purchasing. Thereupon, if customers' pre-purchase expectations adapt to the received product or service, they feel satisfied (17).

Today, the sports industry plays a determining role in promoting an economy (18). In this regard, the role and importance of sports clubs are obvious, as they deal with various people of different ages daily. As with any other service business, the success of sports clubs depends on numerous factors one the most important of which is appealing to customers. Clubs should thrive to provide their services with all the requested features before rivals, providing new value consistently with novel creativity and innovation. Therefore, they must have managers with entrepreneurial attributes and skills. Thus, in this research, along with reviewing the literature, a model was designed by the authors for this purpose through interviews with entrepreneurship and sports professors, practitioners, and club managers.

Research Methodology

This study is a descriptive survey, done with a mixed (qualitative-quantitative) approach. Using content analysis in the qualitative part, through semi-structured interviews with entrepreneurs, sports professors, practitioners, and club managers (19), the entrepreneurship skills properties were achieved with the snowball sampling method, upon which the management questionnaire was generated with 51 items.

were selected using the stratified random sampling method, chosen from four districts of northwest, northeast, southwest, and southeast. In each club, the manager (the founder of the business) filled out the management questionnaire, and while customers, including 25 to 35 persons on average, responded to the American Customer Satisfaction Index (ACSI) questionnaire, the sum of its score reached 6338. The average of these customers was considered as the customers' score for this research.

From 51 items of the management questionnaire, the question related to the variables of the *internal locus of control*, *autonomy*, *risk-taking*, *creativity*, *pioneering*, *wish for success*, *communication*, *innovation*, *planning*, and *decision-making*, each consisted of 4 items, while question-related to the variables of marketing and commercializing consisted of 5 and 6 items respectively. The questions related to customer satisfaction had 15 items each 5 of which measured customer expectations, service quality, and cost separately. The scale used for measuring both questionnaires was Likert's five-point scale. To evaluate the validity of the questionnaire, two relative coefficients of CVI and CVR were applied, the results of which were above 0.97 for both. Cronbach's alpha reliability coefficient was calculated, the result of which was an acceptable level of above 0.7. To analyze the model's goodness of fit, the Structural Equations Modelling approach was used. To verify the measuring models (construct validity), the confirmatory factor analysis method was used, while applying the path analysis method for studying the structural model (the relationships between variates). As an efficient tool, the AMOS software was used for designing the model and evaluating its goodness of fit.

Findings

In this research, the Confirmative Factor Analysis (CFA) technique was performed for each factor of both models, the result of which showed that each factor has a significant relation with questions, meaning that the questions measure the factor correctly. As seen in figure 1, the first model has dealt with the effects of the main properties, consisting of 3 variables and 2 relationships. Customer appeal was taken as the dependent variable, while personal and managerial skills were taken as independent variables.

Table 1. Relationships between the main research variables

The statistical population for this research has consisted of all private sports clubs based in Tehran, among which 300 clubs

Path name	Path coefficient	Standardized coefficient	path	Standard deviation	t-statistic	significance
Personal skills → Customer attraction	0/406	0/14		0/15	2/7	0/007
Management skills → Customer attraction	0/084	0/ 10		0/017 2/4	0/035	

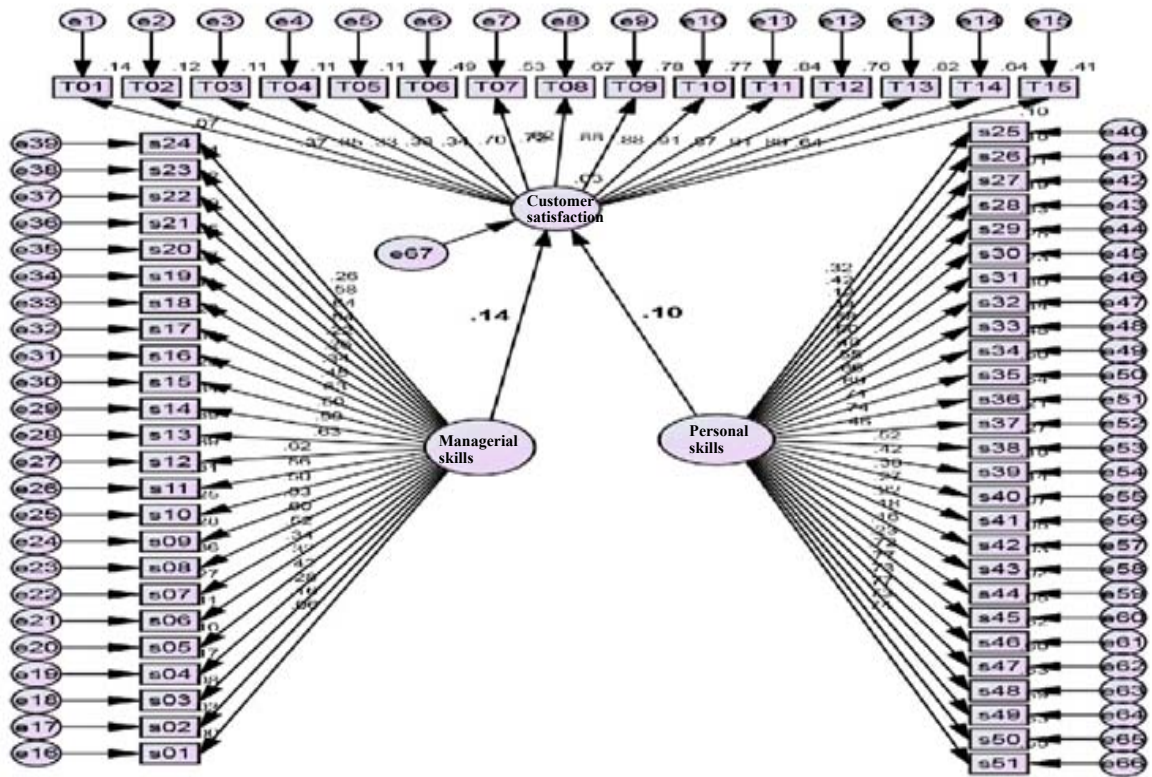


Figure 1. Structural model and measurement for the first research model along with load factors and standardized path coefficients

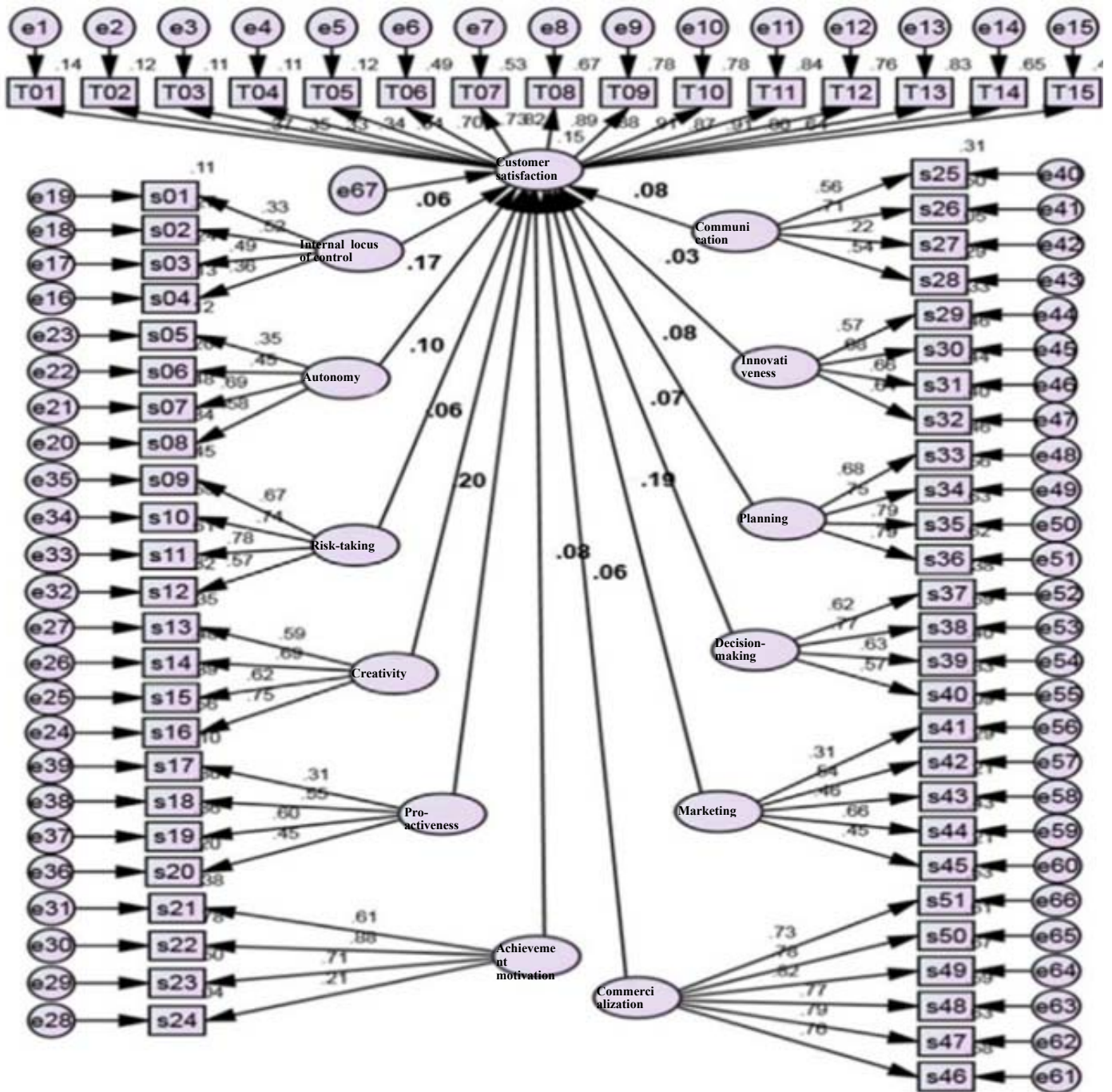


Figure 2. Structural model and measurement for the second research model along with load factors and standardized path coefficients

Table 1. Relationships between other research

Path name		Path coefficient	Standardized path coefficient	Standard deviation	t-statistic	significance	
Internal locus of control	→	Customer attraction	0/031	0/065	0/014	2/21	0/027
Independence	→	Customer attraction	0/054	0/172	0/024	2/5	0/025
Creativity	→	Customer attraction	0/03	0/097	0/02	1/5	0/134
Risk-taking	→	Customer attraction	0/034	0/061	0/015	2/26	0/024
Pioneering	→	Customer attraction	0/118	0/204	0/05	2/36	0/018
Wish for success	→	Customer attraction	0/023	0/083	0/016	1/43	0/151
Commercialization	→	Customer attraction	0/034	0/062	0/013	2/61	0/009
Marketing	→	Customer attraction	0/16	0/189	0/073	2/19	0/029
Decision-making	→	Customer attraction	0/041	0/07	0/019	2/15	0/031
Planning	→	Customer attraction	0/04	0/079	0/016	2/5	0/012
Innovation	→	Customer attraction	0/029	0/029	0/014	2/07	0/039
Communication	→	Customer attraction	0/059	0/077	0/029	2/03	0/042

Since both coefficients show positive values, they are in the same direction. As the standard path coefficient for personal skills (0.14) is greater than that of management skills (0.10), personal skills (rather than management skills) prove to have a greater effect on customer appeal.

As depicted in figure 2, the second model shows the effects of the main variables' sub-factors on customer appeal.

As shown in figure 1, the results of path analysis for the second model show that among 12 independent variables, 10 variables significantly affect the dependent variable. *Creativity* and *wish for success* have a significance of above 0.05, meaning that they do not have any significant effect on customer appeal. The rest of the paths has a significantly lower than 0.05, which is a sign of the significance of the relationship. In other words, such variates as *internal locus of control*, *independence*, *risk-taking*, *pioneering*, *relational*, *innovation*, *planning*, *decision-making*,

marketing, and *commercializing* have a significant effect on customer appeal. All coefficients are positively significant, meaning that there is a direct impact. In addition, among other variables, having the coefficient of the standardized path for *pioneering* (0.172), has the highest impact. Other variates by respective descending impact are *marketing* (0.189), *dependence* (0.172), *planning* (0.079), *relational* (0.077), *decision-making* (0.07), *internal locus of control* (0.065), *commercializing* (0.062), *risk-taking* (0.061), and *innovation* (0.029).

In this research, statistical analyses were done with factor analysis and path analysis using AMOS software. When a pattern has a low RMR and RMSEA valued with AGFI, GFI, NNFI, and CFI above 0.9, it will have a proper goodness of fit. If the critical values of path coefficients are above 2 or below -2, the relationship described in the research model proves to

be valid. As seen in figure 3, evaluating the results of the goodness of fit test for both conceptual models showed that the research model is proper. In addition, factor analysis results for the measured equations related to the research constructs and the measured criteria showed the proper goodness of fit for the measures models. In other words, all aspects, properties, and criteria defined for personal entrepreneurial skills, business management entrepreneurial skills and customer satisfaction are suitable and the model is proved to be able to describe and measure the mentioned variables, resulting in the validity of both structural models in terms of goodness of fit.

Discussion and results

The purpose of this research was to study the effects of entrepreneurial skills on customer absorbance in sports clubs. According to table 1, personal skills have a significant effect on customer absorbance. Agbim (2013) and Dobbs & Hamilton (2007) emphasized the importance of personal skills among other factors affecting business growth (6, 15).

The effect of personal features on business success is also proved in the sporting arena. Ehsani (2015) emphasized the importance of entrepreneurial personal attributes on success in creating small and medium sports businesses (8). Smith (2010) argued that pioneering, risk-taking, and innovation affects customer appeal in service companies in the sports industry (9). Moreno et al (2016) found that personal attributes (innovation, creativity, pioneering, and risk-taking) highly affect customer absorbance in sports companies (20). Nova (2015) asserted that entrepreneurial skills can have considerable effects on the creation of sports business and helps employment (21). Such findings are in line with Chokesikarin (2014) and Sambasivan (2009) (10, 22), while such researchers as Keiser (2007) doubt this (23). This reason for such contradiction may lie in the fact that the latter had a different statistical population. According to table 2, the pioneering variable has the highest impact on customer absorbance, which is in line with Chokesikarin (2014), Islam (2011), and Mohammadkazemi (2013) (3, 10, 19), while diverging from the results of Calindo (2008) (24). The reason for the difference may lie in the fact that they have not considered any direct impact of entrepreneurs' attributes on customer appeal in their models. Therefore, club managers should pay attention to this factor, because it makes their clubs different from others, appealing to more customers. Pioneering for creation of modern sports clubs such as paragliding, bungee jumping, rock-climbing, stone-climbing, hydrotherapy, synchronized swimming, and diving are some answers to those customers who seek diversity and excitement, looking for being the first at everything. Another result of this research is the impact of risk-taking on customer appeal. This result is in line with Calindo (2009), Chokesikarin (2014), and Moreno

(2016), who achieved similar results in their works (10, 20, 24). Risk-taking people in sports activities are such individuals as sports events designers, managers, and coaches. Sports club managers engage in various kinds of risks, including commercial and social ones. For example, managers take the risk of allocating resources to opportunities that may bear significant costs with the risk of failure. Particularly, when a manager introduces new sports games in their clubs, they sign contracts with facility providers and other parties, bearing the expenses and engaging in the risks of entrepreneurship and business. As seen in table 2, the skill of independence is effective on customer absorbance. Independence is a motivating force that gives people a feeling of having control over their destiny. Regarding the escalating competition and increasing demand for various products and services, the need for independence is proposed as a fundamental motive for private sports club managers due to the emphasis on building a sustainable competitive advantage over their rivals. For this goal to be achieved, freedom of action and independence is considered a principle to be adhered to. The certain circumstance of Iran in economic terms, in which small businesses like sports clubs consistently face legal, political, and economic fluctuations, requires people for creating and managing private sports clubs who believe in their endeavor to make their business' destiny, refusing to relate their success or failure to external factors. This result is in line with that of Ehsani (2015) and Islam (2011), (8, 19). Upon this result about the great impact of pioneering on customer absorbance, the authors recommend sports club managers monitor the market consistently and detect the best practices of their competitors. Regarding the skill of dependence and internal control, due to the lack of sufficient government support and economic problems, the authors recommend that, upon deciding to build a club, those individuals who want to invest in the sports industry work on their personality to be fully aware of their attributes and personal potentials. Of course, those who want to institute a club may lack some of these attributes. In this case, it is recommended that the investors look for people with acceptable capabilities and employ them as club managers.

According to table 2 about the effect of management skills on customer appeal, Agbim (2013), Dobbs & Hamilton (2007) and Sambasivan (2009) also achieved similar findings, emphasizing management skills among other factors that affect business growth (6, 15, 22).

According to the findings of this research, among other management skills, marketing skill has the greatest impact on customer appeal. In this regard, the authors suggest that club managers search the market for information about various customer demands and, through creativity and innovation, provide outstanding services with affordable prices, launching advertising campaigns for introducing their services to

customers to gain new customers along with retaining current ones. Finding information about new sports games, up-to-date facilities and instruments, designing and building exercise spaces, optimizing services, sending gifts and training CDs to customers, giving out T-shirts with the club's brand name on them, and holding special occasions are some examples of marketing in sports clubs.

Another result of this research was to find a relationship between innovation and customer appeal in line with Udih & Odibo (2015) and Islam (2011) (14, 17). To counter competitive pushes from the external environment, most clubs take innovation initiatives to retain their competitive advantage. For instance, when clubs make use of modern approaches such as short messaging, providing virtual services, and after-sale services, they are moving ahead of their competitors. Some other examples of innovations in this regard come as follows: providing innovative services to people with special situations such as pregnant women, elders, people with skeletal-muscular disorders, people who need certain exercises after sports injuries, surgeries or cancer, sport tests and providing nutritional plans by experts and determining height-to-weight ratio with advanced devices. In line with Agbim (2013) and Msoka (2013), this research also showed that communicational skills affect customer appeal (15, 25). Udih & Odibo (2015) believe that making use of Customer Relationship Management increases institutional value (14). Communicational skill is an important factor for enhancing sports club businesses since building close relationships with customers helps a business to understand customers' feelings and needs and deal with them to acquire customer loyalty. In this regard, the authors suggest that club managers and employees build close relationships with customers and pay attention to their needs and feelings. Regarding the results of this research about marketing, it is recommended that managers look for new creative ways of using new channels, and advertisements with lower costs. Regarding innovation, it is suggested that manager value and reward innovative actions in clubs to be successful in the long term.

Another result of this research is proving that *wishes for success* and *creativity* do not have to do with customer appeal. Regarding the skill of *wish for success*, the results of this research are in the same direction as that of Mohammadkazemi (2014) (3), while contradicting those of Moreno (2016) and Keiser (2007) (20, 23). This difference can be the result of an error in selecting the dependent variable since, in those works, financial performance is taken as the dependent variable, while in this research, the dependent variable is *customer appeal*. Regarding innovation, the results of this research are not convergent with those of Moreno (2016) and Udih & Odibo (2015). The reason for the such difference could lie in the

definition of creativity, which is defined as "applying the mind's ability for building a new thought or concept" and it will not bring any outcome for customer appeal in sports clubs as long as not transformed to innovation.

As the first study about the effects of entrepreneurial skills on customer appeal in sports clubs, this research helps to enhance the theoretical base along with opening a new entrance in this research area.

Regarding the results of this research, the authors hope that to appeal to customers, club managers improve and enhance their skills. If that occurs, it could be expected that managers properly achieve their goals in business and sports.

Acknowledgments

None.

Conflict of interest

None.

Financial support

None.

Ethics statement

None

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