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# Entrepreneurship gap in Islamic banking sector: Empirical evidence of Iran

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**This paper addresses the degree of entrepreneurship gap in Iranian Islamic banking sector from the view points of own-state banks and private banks in Iran. Unlike conventional banks, Islamic banks operate within the boundaries of the Islamic Law (*Shariah*) (Naser and Moutinho, 1997). The results of this study show huge gap regarding entrepreneurship between own-state bankers and private bankers in Iran. The authors came to conclusion that private banks in Iran have higher tendency of higher entrepreneurship than own-state banks.**

**Key words:** Banking, Islamic banking, entrepreneurship, and Iran.

## INTRODUCTION

Financial institutes contribute to economic development in several ways: (1) as an important channel to convert innovative ideas into economic opportunities, (2) as the basis for competitiveness through the revitalization of social and productive networks, (3) as a source of new employment, and as a way to increase productivity. One of the major financial institutions is the banking sector. This kind of financial institutions serves a lot of benefits to our economy. It has been argued that both banking sector (Salehi, 2008; Salehi et al., 2008) and entrepreneurship play an indispensable role in improving promoting economic growth (Covin and Slevin, 1991; Zahra, 1993; Yu, 1998). Banking sector is divided into two parts namely conventional banks and Islamic banks. Nowadays Islamic banking grows very fast. Islamic banking and finance as an industry is growing at an unprecedented rate. Currently, there are about 270 Islamic banks worldwide with a market capitalization in excess of US\$13 billion. The assets of Islamic banks worldwide are estimated at more than US\$265 billion and financial investments are above US\$400 billion. Islamic bank deposits are estimated at over US\$202 billion worldwide

with an average growth of between 10 and 20%. Furthermore, Islamic bonds are currently estimated at around US\$30 billion. In addition, Islamic equity funds are estimated at more than US\$3.3 billion worldwide with a growth of more than 25% over seven years and the global Takaful premium is estimated at around US\$2 billion (Abdul Rahman, 2007, p. 123). However, few countries practice pure Islamic banking; one of them is Iran.

The current study focuses on the degree of entrepreneurship in Islamic banking sector between the private bankers and own-state bankers in Iran and factors affecting entrepreneurship in Iranian bankers. In other words, this study tries to show factors from the own-state bankers to banking sectors entrepreneurship as well as private banking sector.

## Islamic banks: An overview

The Islamic economic system differs from other systems in many ways. Islamic finance is based on *Shariah*, an Arabic term that is often translated into "Islamic law." In Islam, tax is modified in a specific way, when and on whom it should be levied, in what percentage, and for whom it should be given. But the well-known property of the Islamic system that is most relevant to banking

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industry is the prohibition of any interest-based transaction. In almost all Islamic countries, banking systems were designed to resemble the conventional banking system. However, Islamic banks have similarities with the non-Islamic commercial banks in that both offer similar services and play a major role in the economic development of their societies.

Islamic finance is a financial system, the fundamental aim of which is to fulfill the teaching of the Holy Quran, as opposed to reaping maximum returns on financial assets. The basic principle in the *Shariah* is that exploitative contracts based on Riba (interest or usury) or unfair contracts that involve risk or speculation (Gharar) are unenforceable. However the Holy Quran contains no condemnation of morally acceptable investments that yield fair/legitimate profits and economic/social "added-value" (Siddiqi, 1999). Two more principles are fundamental to understanding Islamic finance. First, the Islamic law reflects the totality of Allah' (God's) commands that regulate all aspects of the life of a Muslim. Second, Islamic finance is directly involved with spiritual values and social justice. Under Islam, there is no separation of mosque and state or of business and religion (Nicolas, 1994).

The fact that Islamic laws prohibit Muslims from paying or receiving interest, prevents observant Muslims from taking out mortgages, carrying balances on credit cards or investing in any fixed income securities such as T-bonds, T-Bills, CDs or any other financial security that promises a guaranteed return. This does not imply that Islam frowns on making money or demands that Muslims revert to an all-cash or barter economy, but means that all parties to a financial transaction share the risk and profit or loss of a venture, and that no one party to a financial contract gets predetermined return. For example, "depositors" in Islamic banks are really shareholders who earn dividends when the bank turns a profit, or lose a portion of their savings if it posts a loss. In effect, the Islamic financing functions much like Western equity financing. Investors and lenders have the right to a decent rate of return; it is just the certainty of the return that is an issue. This direct correlation between investment and profit differentiates Islamic banking from conventional or western banking, which defines maximization of the shareholders' wealth as the sole objective of the firm.

While the banning of interest is rooted in the Islamic theology, proponents of Islamic finance provide economic rationales to support the ban of interest. Some of these rationales are described by the International association of Islamic banks. First, in an Islamic profit sharing contract, the return on capital will depend on productivity, and the allocation of funds will be primarily based on the soundness of the project. This will improve the capital allocation efficiency. Second, the Islamic profit-sharing system will ensure more equitable distribution of wealth and the creation of additional wealth to its owners. This

system would no doubt reduce the unjust distribution of wealth under the interest system.

Third, the profit sharing regime may increase the volume of investments and hence create more jobs. The interest regime would make feasible and acceptable only those projects whose expected returns are higher than the cost of debt, and therefore filter out projects which are otherwise acceptable under the Islamic profit-sharing system. Fourth, the Islamic finance system will reduce the size of speculation in financial markets, but still allow for a secondary market for trading stocks and investment certificates based on profit sharing principles. This will bring sanity back to the financial market and promote liquidity to equity holders. Fifth, under the profit-sharing system, the supply of money is not allowed to overstep the supply of goods and would thus curb inflationary pressures in the economy.

The *Shariah* governs every aspect of a Muslim's religious practices, everyday life, and economic activities. Muslims, for example, are not allowed to invest in businesses considered non-halal or prohibited by Islam, such as the sale of alcohol, pork, and tobacco; gambling; and prostitution. In Islamic contracting, Gharar (uncertainty and risk) is not permitted, i.e., the terms of the contract should be well defined and without ambiguity. The prohibition of Gharar is designed to prevent the weak from being exploited and, thus, a zero-sum game in which one gains at the expense of another is not sanctioned. Gambling and derivatives such as futures and options, therefore, are considered un-Islamic because of the prohibition of Gharar. More importantly, Muslims are prohibited from taking or offering interest. Thus, a unique feature that differentiates Islamic banking from conventional banking, in theory, is its Profit-and-Loss Sharing (PLS) paradigm. Under the PLS paradigm, the ex-ante fixed rate of return in financial contracting, which is prohibited, is replaced with a rate of return that is uncertain and determined ex-post on a profit-sharing basis. Only the profit-sharing ratio between the capital provider and the entrepreneur is determined ex-ante. PLS contracts, in general, allow two or more parties to pool their resources for investment purposes and to share the investment's profit and loss. The PLS paradigm is widely accepted in Islamic legal and economic literature as the bedrock of Islamic financing. Islamic bank financing, which adheres to the PLS principle, is typically structured along the lines of several major types of contracts which is explained as follows:

**Musyarakah:** contracts are similar to joint venture agreements, in which a bank and an entrepreneur jointly contribute capital and manage a business project. Any profit and loss from the project is shared in a predetermined manner. The joint venture is an independent legal entity, and the bank may terminate the joint venture gradually after a certain period or upon the fulfillment of a certain condition.

**Mudarabah:** contracts are profit-sharing agreements, in which a bank provides the entire capital needed to finance a project, and the customer provides the expertise, management and labour. The profits from the project are shared by both parties on a pre-agreed (fixed ratio) basis, but in the cases of losses, the total loss is borne by the bank.

**Murabaha:** financing is based on a mark-up (or cost plus) principle, in which a bank is authorized to buy goods for a customer and resell them to the customer at a predetermined price that includes the original cost plus a negotiated profit margin. This contract is typically used in working capital and trade financing. The Islamic institution then sells the asset to its customer on a deferred sale basis with a mark-up reflecting the institution's profit. The customer takes the responsibility of negotiating all of the key commercial terms with the seller of the asset. The mark-up on the asset cannot be altered during the life of the contract. The Murabaha deals offer enough flexibility to be used in real estate and project financing, but historically it has been used primarily for trade finance. Islamic leasing has also been criticized for being a complicated concept with a limited scope for business. However, the product is becoming the most popular form of Islamic finance. The products involved in Islamic leasing run the standard gamut from European oil refineries to medical equipment in the United States. Western banks offering Islamic instruments, such as Citicorp in the USA and Kleinwort Benson in London are now more active in Islamic leasing, and the leasing funds have been raised from both Muslim and non-Muslim investors (Collett, 1995). Many investors, especially Islamic banks, have been attracted to leasing by the promise of higher yields than Murabaha (trade finance), which accounts for the bulk of Islamic banking activity. In addition, since Islamic leasing has the advantage of dealing with tangible assets, it has escaped the kind of criticism given to other Islamic products. A number of legal issues may be encountered by the Islamic financial institutions that finance a Murabaha transaction. First, the Islamic financial institution cannot earn excessive profits from the client. If the profit is excessive, remedies may include a return of the "excessive" portion of the profit to the client. A second legal issue is rejection of the goods. The customer may reject the goods for non-conformity and leave the bank holding the goods. To eliminate the possibility of rejection of goods, the customer will generally act as the bank's agent in determining the conformity of the goods prior to acceptance. Finally, the Islamic financial institution may be exposed to contractual and statutory liabilities (such as warranties) resulting from its ownership of the goods. These should be disclaimed to the extent possible or be limited by indemnities received from the customer.

**Ijarah:** financing is similar to leasing. A bank buys an

asset for a customer and then leases it to the customer for a certain period at a fixed rental charge. *Shariah* (Islamic law) permits rental charges on property services, on the precondition that the lessor (bank) retain the risk of asset ownership. *Ijara* is similar to a conventional operating lease, where in an Islamic bank (lessor) leases the asset to a client (lessee) for agreed on lease payments for a specified period of time, but with no option of ownership for the lessee. The maintenance and insurance of the leased asset is the lessor's responsibility.

**Bai' muajjal:** financing, which is a variant of Murabaha (cost plus) financing, is structured on the basis of a deferred payment sale, whereby the delivery of goods is immediate, and the repayment of the price is deferred on an installment or lump-sum basis. The price of the product is agreed upon at the time of the sale and cannot include any charge for deferring payments. This contract has been used for house and property financing.

**Bai' salam:** is structured based on a forward sale concept. This method allows an entrepreneur to sell some specified goods to a bank at a price determined and paid at the time of contract, with delivery of the goods in the future.

**Istisna:** contracts are based on the concept of commissioned or contract manufacturing, whereby a party undertakes to produce a specific good for future delivery at a pre-determined price. It can be used in the financing of manufactured goods, construction and infrastructure projects. In other word, Istisna is a pre-delivery financing and leasing structured mode that is used mostly to finance long-term large-scale facilities involving, for example, the construction of a power plant. The Islamic institution could either own the plant, charge the lessee (project company) a fee based on profits, or sell the plant to the project company on a deferred basis with a profit mark-up similar to a Murabaha transaction. Unlike a Murabaha transaction, however, certain expenses that cannot easily be reflected in a sale and purchase agreement can be included in the fees to be paid to the Islamic institution by the project company.

Legal issues relating to Istisna include whether under local law the Islamic institution can own real property and whether the concession or other rights granted to the project company can be assumed or used by the Islamic institution.

So far in several countries the pure Islamic banking practices. In June 1979, Iranian banks were nationalized and banking regulations changed with the approval of the Islamic banking law (interest free), and the role of banks in accelerating trade deals, rendering services to clients, collecting deposits, offering credits to applicants on the basis of the CBI's policies and so on was strengthened.

## Expectation gap

The definition of expectations has been a topic of some debate in the academic literature.

Pre-trial beliefs about a product or service are commonly called expectations (Boulding et al., 1993); further it is really an important because they provide the frame of reference for evaluation as well as for judgments among those they have expectations (Oliver, 1996). It can say that the expectations represent the mental categories used by consumers and clients in their evaluation of service performance with the obvious implications for service quality. However, regarding the expectations which it is the critical issue, there have been significant variations in the evolving of expectations (Parasuraman et al., 1988), in terms of what people feel they should be offered, rather than would be offered (Boulding et al., 1993) and pre-trial beliefs about a product, goods or service is delivered or rendered and its performance in future (Oliver, 1996). According to the researchers the expectations are defined as anticipations or predictions of clients realities or wishes (what people think they will get) or as preferences (what people want, desire or wish) (Galassi, et al., 1992; Tinsley, 1992; Salehi et al., 2009a, b). In nut shell, there are often differences between the performance of a service and the expectations that the client has on the particular service which it caused more expectations. According to Deegan and Rankin (1999) an expectation gap among the people is the result of differences in opinion or perceptions between two or more groups in the society regarding every aspect.

Porter at first time used expectation gap in accounting and auditing dimensions. According to her view points an expectation gap consisted of two major elements as follows: (i) A reasonableness gap: Gap between what is expected and what can reasonably be expected to accomplish and (ii) A performance gap: Gap between what can reasonably be expected and perceived actual achievements. In other words, a gap between what clients reasonably expect companies to accomplish and what they are perceived to achieve. These kinds of gap my subdivided into: (a) a gap between the duties and responsibilities, which can reasonably be expected of companies and their existing duties are defined by the professionals, (b) a gap between the expected standards of companies performance existing duties companies performances as expected and perceived by the clients (Salehi and Gowda, 2006).

The nature of service is very different from the production, because it has own specification like, intangibility. This specification caused client expectation gap. In very often arise client expectations gap regarding to the quality of service (Hubbert et al., 1995). Regarding this crucial aspect Ojasalo (2001) stated that the managing such service expectations is very important since service quality satisfaction result from how well the actual service performance, in other words the service process and

outcome, matches the perceptions.

Ojasalo (2001) treats three types of expectations typical in the professional service context, they are namely as follows:

1. Fuzzy expectations;
2. Implicit expectations; and
3. Unrealistic expectations.

Clients do not always have a clear understanding of what they want from the service provider. They may feel something is wrong or difficult but do not know is wrong. They wish for an improvement in their situation, but do not know what kind of improvement this should be. This kind of wish can be called fuzzy expectations; the fuzzy expectations can be changed by focusing expectations, referring to the service provider's efforts to make the client's expectations more precise. This may happen in the communication between the clients and providers.

So, in this condition such gaps will be reduced. However, we cannot eliminate the gaps. If the providers and clients realize the wishes and the limitations of each other these kind of gap may reduce. So, focusing fuzzy expectations involves a process of defining unclear problems as well as needs of both sides namely, service provider and client (Ojasalo, 2001).

Hubbert et al., (1995) have presented a different research approach, which investigates whether the some components of a service encounter are identified as important by both sets of participants or not. They found that the clients' satisfaction is likely to be sub-optimal when the clients are unaware of service benefits of when the provider fails to provide the client with sufficient information.

In this study the authors try to identify another gap which is related to different perceptions of own-state bankers to entrepreneurship as well perceptions of private bankers on entrepreneurship in Iran (if existed).

## Entrepreneurship

The word "*Entrepreneur*" was first used in an economic context by the French philosopher Richard Cantillon in 1755 (Salehi and Valizadeh, 2007). Cantillon's original definition of an entrepreneur was a simple trader, with an eye for opportunistic profit. Cantillon's entrepreneur "bought at certain price and sold at an uncertain price, thereby operating at risk". Cantillon's entrepreneur was, by definition, an individual who specialized in taking on risk and lived on his wits. Entrepreneurship, involves capturing ideas, converting them into products and, or services and then building a venture to take the product to market" (Johnson, 2001, p. 138). Entrepreneurial creation is concerned with all aspects of the entrepreneur and entrepreneurship that address the issue of how entrepreneurs devise and implement innovative products,

ideas and ways of doing things Valizadeh and Salehi, 2007).

A wider definition is Timmons (1994:7) "entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled". Due to the demarcation segregating international business and entrepreneurship has begun to erode in recent years, a definition of "international entrepreneurship" will now be presented: "international entrepreneurship is a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations" (McDougall and Oviatt, 2000:903).

### Research problem

Islamic banks are governed and guided by Islamic laws (*Shariah*). Islamic banks have several distinguish features. The first and foremost important feature of Islamic banks is the prohibition of the interest (*Riba*), regardless of it's from or source. The holy book of Islam (the Holy Quran) prohibits both the receipt and payment of interest in all transactions. The rationale is that the credit system involving interest leads to an inequitable distribution of money. Therefore, Islamic banks are expected to ensure that wealth is fairly circulated among hands as possible without causing any harm to those who acquired it lawfully (Ibn, 2006). Now a days Islamic banking are developing not only in Muslim countries but also in non-Muslim countries therefore, the aim of this paper is evaluate the degree of satisfaction or dissatisfaction of Islamic banking services in Iran. Although the Islamic mark-up contracts are widely used, their acceptability under Islamic law is disputed because they can imply a fixed return on investment for the financing financial institutions. Many Islamic scholars have suggested that mark-up contracts, while permissible, should still be restricted or avoided out of fear that these mark-up contracts may open a "back door" to interest (Khan, 1986). So, the Islamic banks should offer new parcel of bank production which fits to today's needs. To prescribing such a parcel, the Islamic banking should be entrepreneur.

### Objective of the study

The main objective of this study is to illustrate factors affecting to entrepreneurship to Islamic banking. After recognizing those factors; in second step the authors try to determine a gap which may exist between the own-state bankers and private bankers in Iran. So, the aim of this study is multiple.

### METHODOLOGY

Since the main objectives of this study were to investigate the

degree of entrepreneurship adherence in Islamic by clients banks in Iran, in particular, the study sought answers the following research questions':

Q1: Which factors affect to entrepreneurship degree in Iranian banks?

Q2: Which kinds of banking sectors encourage entrepreneurship?

Q3: Is there any differences between own-state bankers perceptions and private bankers on affective factors to entrepreneurship?

Q4: If such a gap is found in which area the gap is high?

### Research hypotheses

According to above mentioned research question, the following hypotheses are postulated in the study:

1. There is a gap between own-state bankers and private bankers on team entrepreneurship.
2. There is a gap between own-state bankers and private bankers on work discretion affects to entrepreneurship.
3. There is a gap between own-state bankers and private bankers on reward systems affects to entrepreneurship.
4. There is a gap between own-state bankers and private bankers on time management affects to entrepreneurship.
5. There is a gap between own-state bankers and private bankers on up-to-date technology affects to entrepreneurship.
6. There is a gap between own-state bankers and private bankers on work process affects to entrepreneurship.
7. There is a gap between own-state bankers and private bankers on on-time clerks' evaluation affects to entrepreneurship.

Data for the present study has been collected from both primary and secondary sources. Secondary data was collected from various textbooks, journals, reports, magazines, dailies and has also been collected from web sources using the popular search engines like Google, yahoo and powerful databases such as Emerald, EBSCO and Elsevier. In order to collecting primarily data, Five-point likert's scale questionnaire instrument is employed in this research while the questionnaire consisted of two sections. The first section contained data relating to demographic variables of the sample respondents and the second section contained some technical questions related to hypotheses. The respondents were required to tick their perceptual levels on five-point Likert's scale with '5' as strongly agree, '4' as agree, '3' as moderately agree, '2' as disagree and '1' as strongly disagree. In total 800 questionnaires were administered between own-state bankers and 350 the same questionnaires were administrated between private bankers in Iran. Out of 1150 questionnaires only 650 usable questionnaires collected from own-state bankers and 230 usable questionnaires from private bankers in Iran. The despondence rate for own-state bankers stood at 81.25 and for privet bankers stood at 65.72.

According to Table 1, majority of participants were male with 72.61% followed by female (27.39%). Moderate numbers of participants were youth (41.37%) less than 30 years old. Majority of participants had 31-40 years old (42.98). Least number of participants had more than 60 years old.

Regarding experience, Table 1 shows that moderate numbers of participants have less than four years (29.43%). Further, majority of participants had experience between 5-9 years. Only 8.97% of participants had more than twenty years experience.

About education of participants the above mentioned table illustrated that least number of participants were under diploma. Although in this section the participants were the least, but it is not acceptable that having under diploma degree in major financial institutions, namely, banks. Vast number of participants had bachelor degree (56.15%) followed by associate diploma holder

**Table 1.** Demographic information of participants.

Variables	Items	Frequency	Percentage
Gender	Male	639	72.61
	Female	241	27.39
	20 to 30 years	364	41.37
	31 to 40 years	378	42.98
Age	41 to 50 years	122	13.87
	51 to 60 years	12	1.38
	Above 60 years	4	0.40
	Below 4 years	259	29.43
	5-9 years	304	34.55
Job experiences	10-14 years	145	16.48
	15-19 years	93	10.57
	Above 20 years	79	8.97
	Under Diploma	3	0.30
	Diploma	186	21.15
Educational background	Associate Diploma	144	16.38
	Bachelor	494	56.15
	Master	52	5.92
	PhD	1	0.10
Job position	Manager	485	55.00
	Clerk	395	45.00
Kind of Bank	Own-state banker	650	73.86
	Private banker	230	26.14

(16.38%). Few numbers of participants had master degree (5.92%). It is interesting to note that only one participant had PhD.

Fifty-five percent of participants were managers in both own-state banks as well private banks in Iran, while 45% were clerks in the same banks.

Out of 880 participants, 73.86% were from own-state banks and 26.14% from private banks in Iran. The reason that why private bankers had fewer participants in this study is that majority of Iranian banks is own-state banks. From few years back on the private banks are started in Iran. To conclude, majority of participants were male, from own-state banks, and holding bachelor degrees.

## RESULTS

The current study uses various non-parametric statistics for analyzing data. In the view of the fact, when the underlying assumptions are violated it is necessary to use the powerful non-parametric procedures. The non-additively of ordinal scales make them mathematically inappropriate for the calculations used in the parametric analyses. So, for analyzing data non-parametric statistical tools are used, and the Mann-Whitney U and Wilcoxon Signed Rank Test are being applied in this part of the study which is the most suitable for this kind of

study.

Table 2 shows total number of participant from both own state banks and private banks in Iran. As mentioned earlier total number of own-state bankers and private bankers stood at 650 and 230 respectively.

### Testing of first hypothesis

**H<sub>1</sub>:** There is a gap between own-state bankers and private bankers on team entrepreneurship.

As it was shown in Table 2, regarding to related questions of this hypothesis, the average mean ranking of own-state bankers and private bankers stood at 421.28 and 494.83 respectively. As it is clear private bankers ranking in this hypothesis is higher than own-state bankers. So, it caused mean gap of 73.55. According to Mann-Whitney U and Wilcoxon Signed Rank Test which shown in Table 2 this hypothesis is accepted and null hypothesis is rejected. In other word, there is a huge difference between two kinds of banks on team entrepreneurship. However, as it mentioned before, the mean ranking of private bakers, ranking was higher than own

**Table 2.** Results of hypotheses' testing.

Items	First hypothesis	Second hypothesis	Third hypothesis	Fourth hypothesis	Fifth hypothesis	Sixth hypothesis	Seventh hypothesis
Total number of own-state banks, participants	650	650	650	650	650	650	650
Total number of private banks' participants	230	230	230	230	230	230	230
Average Mean Ranking of own-state banks	421.28	441.11	419.26	424.22	424.04	414.59	421.24
Average Mean Ranking of Private banks	494.83	438.77	500.52	486.50	487.02	513.73	494.93
Mean Gap	73.55	-2.34	81.26	62.28	62.98	99.14	73.69
Mann-Whitney U	62254.5	74352.5	60946	64170	64050.5	57906	62231.5
Wilcoxon W	273829.5	100917.5	272521	275745	275625	259481	273806
Z	-3.778	-0.12	-4.175	-3.202	-3.255	-5.099	-3.793
P-Value	0.000	0.904	0.000	0.001	0.001	0.000	0.000
Result	Confirmed	Rejected	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed

state banks. It means that private bankers are strongly agreed that team entrepreneurship leads higher entrepreneurship degree in Iranian banking sectors.

#### Testing of second hypothesis

**H<sub>2</sub>:** There is a gap between own-state bankers and private bankers on work discretion affects to entrepreneurship.

According to Table 2 the mean ranking of own-state bankers and private bankers stood at 441.11 and 438.77 respectively. Further, there found mean gap of -2.34. The results of tests show that research hypothesis is rejected and null hypothesis is accepted. In other word, there is no a gap between own-state bankers and private bankers on work discretion affection on entrepreneurship.

#### Testing of third hypothesis

**H<sub>3</sub>:** There is a gap between own-state bankers and private bankers on reward systems affects to entrepreneurship.

As it shown in Table 2, the average mean value of own-state bankers and private bankers stood at 419.26 and 500.52 respectively. So, it was a high gap of 81.26. According to two tests this hypothesis is strongly confirmed and null hypothesis is rejected. It can say that private bankers strongly agreed that reward systems have positive affect on degree of entrepreneurship. Further, own-state bankers also agreed to this statement but not as much as private bankers.

#### Testing of fourth hypothesis

**H<sub>4</sub>:** There is a gap between own-state bankers and private bankers on time management affects to entrepreneurship.

With regard to Table 2 this hypothesis also strongly accepted. In other word, private bankers strongly agreed that time management leads higher entrepreneurship in Iranian banking sector. However, own-state bankers were thing otherwise.

#### Testing of fifth hypothesis

**H<sub>5</sub>:** There is a gap between own-state bankers and private bankers on up-to-date technology affects to entrepreneurship.

With reference to Table 2, the mean ranking of own-state bankers and private bankers stood at 424.04 and 487.02 respectively which resulted gap of 62.98. This gap shows that two parties did not thinking in the same way related to entrepreneurship. According to the results this hypothesis strongly accepted and null hypothesis strongly rejected.

Again it is clear that private bankers strongly agreed that using of up-to-date technology leads higher degree of entrepreneurship.

#### Testing of sixth hypothesis

**H<sub>6</sub>:** There is a gap between own-state bankers and private bankers on work process affects to entrepreneurship.

Table 2 shows that the average mean ranking of own-state bankers and private bankers stood at 414.59 and 513.73 respectively which results the highest gap of 99.14. The results of two tests show that this hypothesis strongly accepted and null hypothesis rejected. In other word, again and again private bankers strongly believed that work process leads higher degree of entrepreneurship. However, own-state bankers were thinking otherwise.

### Testing of seventh hypothesis

**H<sub>7</sub>:** There is a gap between own-state bankers and private bankers on on-time clerks' evaluation affects to entrepreneurship.

With reference to Table 2, the average mean ranking of own-state bankers and private bankers stood at 421.24 and 494.93 respectively; resulted gap of 73.69. Also the results of tests showed that this hypothesis is strong accepted and null hypothesis rejected. In other word, own-state bankers were not very agreeing that on-time clerks' evaluation leads higher degree of entrepreneurship.

However, private bankers strongly agreed that this factor strongly related to higher degree of entrepreneurship.

### Conclusion

Entrepreneurship is receiving greater attention from policymakers and experts in developed and developing countries. In this regard entrepreneurship is also very vital to banking sector. The results of this study showed that majority of Iranian bankers are youth with few years experience and majority hold bachelor degree. This point is very questionable, because in such focal of economic area all should be expert with higher degree of education and deep experience. Further, except on work discretion (second hypothesis) remind hypotheses confirmed that there is huge gap between own-state bankers and private bankers on factors affecting to entrepreneurship. In is also very interesting to note that almost mean ranking of private bankers (except second hypothesis) were moderately high than own-state bankers. It means from the private bankers viewpoints' those factors strongly affect to degree of entrepreneurship in Iranian bankers. In nutshell, the authors become to conclusion that the degree of entrepreneurship in Iranian private bankers is moderately higher than own-state banks.

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