The Management Organization of Agricultural Bank Branches of West Azarbaijan Province as a Case Study for the Development of an Effective Entrepreneurial Orientation Model on the Performance of Banks with a Focus on Profitability

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Abstract

To survive in today's cutthroat financial market, institutions need to be able to turn a profit. One of the most effective ways for banks to access this profitability is through their entrepreneurial tendencies; thus, this research aims to create a tendency model that captures these tendencies. Banks' performance, particularly their profitability, can be improved through entrepreneurialism. In terms of methodology and practical application, the present research is inconsistent. The quantitative approaches include structural equation modeling and interpretive structural modeling, while the qualitative approaches include theme analysis research. Ten expert university professors were chosen from among the deputies and experts of the management organization of Keshavarzi Bank branches; a small portion (54) of the employees of the management organization of Keshavarzi Bank branches in West Azerbaijan province made up the statistical population for the qualitative part of this research.

Based on the findings from the qualitative data analysis, the entrepreneurial orientation model comprises five dimensions. The first priority is the aggressive competition dimension, followed by the pioneering dimension, independence, and risk-taking. After that, developments that fall under the fifth priority. Quantitative research also shows that all the entrepreneurial orientation factors significantly impact profitability-focused bank performance for the better. For banks to be more profitable and perform better, managers should employ the competition technique, which is based on fierce competition as the most significant effective factor.

Keyword: Tendency to entrepreneurship; bank performance; profitability; management organization of Keshavarzi Bank branches; West Azarbaijan province.

Introduction

Banks need to be on the lookout for changes and new innovations so they may gain a competitive edge, since the banking system is now one of the most significant and effective systems in a country's economic development. An entrepreneurial spirit is emerging as one way to implement these reforms. By incorporating elements of fierce rivalry, independence, risk-taking, and pioneering into decision-making, entrepreneurial orientation helps businesses stay vigilant in the face of emerging technology, track market trends, and assess potential new opportunities.

Information receivers on market shifts and consumer preferences aid businesses in seeing possibilities and kicking off new economic initiatives. According to Ovinyi (2013), an entrepreneurial approach integrates a company's decision-making, procedures, and practices to establish its strategic direction and operational methods. Since results are most directly related to organizational strategic goals, customer happiness, and economic roles, Bernadine and colleagues (1995) argue that performance should be defined as work outcomes. A company's or bank's profitability is a measure of the efficacy of its management's actions, plans, finances, and production decisions. According to Suemi et al. (2013), a bank or other business organization is considered profitable if its income is sufficient to cover its present expenses and leave a surplus for future use. Making a profit is a top priority for banks. The propensity for entrepreneurialism is one of the strategies for increasing bank profits that have been the subject of numerous studies. The researcher's current goal is to demonstrate the profitability of the management organization of Agricultural Bank branches in West Azarbaijan province using a model of the inclination to entrepreneurship that has been effective on the performance of banks after doing the appropriate investigations.

Entrepreneurship

A person who starts and runs a company for the purpose of making a profit and expanding the economy is an entrepreneur, one side of the complex phenomena known as entrepreneurship (Smith et al., 2019).

Actually, starting a business is only one aspect of entrepreneurship. Instilling an entrepreneurial spirit in pupils via quality education is a labor-intensive process. One of the most important factors shaping college students' and recent grads' professional and life choices in the twenty-first century is exposure to entrepreneurial education (Jana2, 2020).

According to Ahmadpour Dariani (2014), entrepreneurs create value by assembling a distinctive set of resources to capitalise on possibilities. This process ultimately results in the production of either new demand or satisfaction.

Organizational members who exhibit entrepreneurial spirit are quick to see opportunities and use their imaginations to reorganize production components in a way that generates value (Abonuri and Metousal, 2011).

"Entreprendre" (meaning "intermediary and broker" in French; "to undertake" meaning "commitment" in English; "Karbasi et al., 2002; Arabi, 2003) is the original French word from which the English word "entrepreneurship" was borrowed in 1848 by Stuart Mill. Translations into Persian that are less than accurate include "employer" and "entrepreneurship" (in Iran, this phrase denotes an individual who bears the weight of a commitment), respectively. It appears that "valuable" would have been a more appropriate translation for this term (Ahmadpour Dariani, 2011).

Tendency to entrepreneurship

A propensity for innovation, risk-taking, and pioneering on the part of upper-level management is one definition of entrepreneurial tendency. In addition to being a crucial organizational activity, it helps businesses stay in business and even improve their performance. Entrepreneurial inclination is a component of strategic orientation that reveals how businesses make decisions and their level of creativity. They can aid businesses in spotting and capitalizing on fresh opportunities, forecasting and exploring untapped markets, and generally being more entrepreneurial, pioneering, and risk-taking (Taj Aldini, 2010).

In general, it is easy to see how an entrepreneurial mindset may have a significant impact on a company's bottom line. Higher performance was associated with an entrepreneurial mindset, according to research conducted in Tehran's Bank Mellat branches (Razavi et al., 2010). The impact of an entrepreneurial mindset on productivity was validated in a study of the detergent sector (Imtiaz, 2011). According to research conducted by Zahra and Quinn (1995) on American manufacturing, commercial, and industrial enterprises, the correlation between entrepreneurial spirit and financial success grows stronger with the passage of time. That is why, in the long run, businesses should think about entrepreneurship as a way to improve their financial performance. Nevertheless, in various types of organizations, such as universities (Fox 2, 2005), small businesses (Ranian et al. 3, 2008), manufacturing companies (Slotvinsky 4, 2010), and commercial companies (Goodal et al., 2011), there is a confirmed relationship between the entrepreneurial orientation dimensions and organizational performance, both financially and non-financially.

According to Miller (1983), a company's ability to secure a dominant position in its industry depends on its entrepreneurial spirit, which manifests itself in traits like initiative, risk-taking, and innovative products and markets. As stated by Abbaszadeh et al. (2011) One of the most important ways to tell if a business has embraced entrepreneurial practices is to look at its entrepreneurial orientation. In a 2013 study, Franco et al. In order to get a competitive edge, businesses need adopt an entrepreneurial mindset. This mindset entails a series of strategic activities. If you want your entrepreneurial firm to succeed, according to Zat and Amit (2006), you need to figure out how to organize your physical resources both inside and outside of the company.

Tomanjuri and Rasla3, 2013 cite research that finds a correlation between an entrepreneurial mindset and financial success for businesses. Newer research, however, has looked at how entrepreneurial orientation indirectly affects firm performance via other organizational processes, such as innovation-related processes (Olympia 4, 2014).

Miller5 (1983) offered the most thorough description of entrepreneurial orientation when he stated that a corporation has an entrepreneurial orientation if it is proactive, takes risks, and consistently offers new products (Davis et al., 2010).

The propensity of upper-level management to engage in innovative, risk-taking, and pioneering activities was also described by Morris and Paul (1987) (Todoric and Ma8, 2008).

According to Taj al-Dini (9.10), entrepreneurial orientation is a crucial organizational strategy that helps businesses thrive and grow. Entrepreneurial orientation is a component of strategic orientation that shows how firms make decisions and how they use creativity. Companies can

benefit from them when they seek out and grab new business chances, anticipate and uncover market potential, and exhibit an entrepreneurial attitude, pioneering spirit, and risk-taking policy (Lin et al. 1, 2008).
According to research conducted in 2007 by Tat Keh and colleagues in Singaporean SMEs, entrepreneurial orientation significantly impacts the acquisition and utilization of marketing data, which in turn impacts business outcomes. Additionally, it acts as a go-between for the entrepreneurial mindset and the company's success by providing data for marketing mix decisions, particularly those pertaining to distribution and promotion (Tat Keh et al. 2, 2007).

Based on their investigation into the direct and indirect effects of an entrepreneurial mindset on business performance, Lee and colleagues (2009) found that an entrepreneurial mindset positively correlates with business success. The primary indicators of entrepreneurial orientation, as well as pioneering and risk-taking policies, were identified by Zali and Mehdi Vand to have a positive and statistically significant influence on organizational performance in 2010 (Zali and Mehdi Vand, 2010). Support in spotting and capitalizing on fresh business prospects, as well as researching and forecasting market potential. Consequently, an entrepreneurial attitude is characterized by the organization's primary decision-making procedures, practices, and activities that generate fresh ideas (Iskanarini 4, 2014).

An entrepreneurial approach is a set of methods based on strategy that major corporations employ to find new business opportunities and get them off the ground. According to Dess and Lampikin (2006), this idea embodies a way of thinking and doing business that is evident in the way the company is structured and operates now. The five-dimensional model proposed by Lumpkin and Dess (1996) is widely recognized as the most prominent framework for entrepreneurial orientation, but there have been other conceptualizations in the recent past. In his view, there are five main characteristics of an entrepreneur: creativity, independence, boldness, risk-taking, and aggressive competition. Hence, it alludes to decision-making procedures, approaches, and methods of breaking into the market, and it can be seen as a form of strategic orientation. Reviewing and integrating the literature on entrepreneurship and strategy allows one to extract the prominent features of entrepreneurial orientation (Covin and Lumpkin, 2011).

According to Hoggs and Morgan, studies on entrepreneurship have overlooked the significance of entrepreneurial orientation's components in explaining performance. Depending on the institutional context, an entrepreneurial mindset's components could provide desirable outcomes along one performance metric while producing undesirable outcomes along another. Nonetheless, research from a wide range of institutions and organizations—including educational institutions, growth center start-ups, small businesses, manufacturing firms, commercial enterprises, and banks—confirms a correlation between the financial and non-financial aspects of entrepreneurial orientation and performance (Razavi and colleagues, 2011).

Taking risks and being aggressive are signs of an entrepreneurial spirit within a company. This kind of thinking helps them stand out from the competition by enhancing their marketing capabilities. This includes offering top-notch services, proper after-sales support, and the ability to hold on to the best distributors. separate A company doesn't require an entrepreneurial spirit to boost its marketing prowess and market predictive capacity when competition is low (Martin and Javalegi, 2016).

The potential impact of an entrepreneurial mindset on performance, according to the research, is distinct. Competition levels have an effect on the relationship between an entrepreneur's inclination to take risks, innovate, and pioneer in order to achieve high performance; conversely, when competition levels are low, organizations don't need to invest heavily in these areas. Being a moderator of this relationship, it works well. Specifically, this correlation weakens in circumstances of weak competition and strengthens under circumstances of high competition (Zahra and Gravis, 2000; Hault et al., 2001).

The relationship between entrepreneurial orientation and performance

According to Terry et al. (2012) and a 2009 meta-analysis by Rach et al. (41) of 51 publications, an entrepreneurial mindset is positively associated with a company's growth and profitability. The three pillars of an entrepreneurial mindset—innovation, pioneering, and risk-taking—were found to have a positive correlation with company success in an Australian electronics sector study done in 2010 by Frank et al.2. Additionally, a 2012 evaluation of SMEs in Northeast China found that an entrepreneurial mindset improved their financial results (Zhang and Zhang4, 2012). Fox (2005), Hoggs Morgan (2007), Runyan et al. (2008), and Slatowsky (2010) all point to the entrepreneurial spirit of an organization as a cause of its improved performance. The link between an entrepreneurial mindset and success is weak, and in some cases even negative, according to the findings of empirical research.

(Morgan and Strong9, 2003; Mishin et al., 2002). Hoggs and Morgan have also asserted that studies on entrepreneurship overlook the significance of entrepreneurial orientation's components in describing performance. Depending on the institutional context, an entrepreneurial mindset's components could provide desirable outcomes along one performance metric while producing undesirable outcomes along another. Whatever the case may be, research has shown a correlation between entrepreneurial orientation and financial and non-financial performance in a variety of settings, including educational institutions (Fox, 2005), growth center start-ups (Hoggs and Morgan, 2007), small firms (Ranyan and et al., 2008), manufacturing firms (Slatavisky, 2010), commercial companies (Goodell et al., 2010, 2010), and banks (Razavi et al., 2010).

Performance

Efficiency refers to the efficient use of resources to achieve goals, while effectiveness reflects the amount to which goals are attained. These two aspects can be seen as important elements of performance, and they define the concept of performance. This means that certain aspects of performance can have both internal (efficiency) and external (effectiveness) sources. For this reason, performance is proportional to how well and efficiently things are done (Cross & Lynch, 1991), and as rivalry among In order to stay competitive and increase organizational performance, modern organizations are constantly seeking new methods to do things (Wang, 2013). Many different approaches are taken by businesses in pursuit of the common objective of improved performance (Adnan, 2016).

A myriad of factors, including the nature of the business, the ideology and purpose of its leadership, external factors, and internal factors, are considered while evaluating the company's performance. This is why a number of indicators and criteria are employed (Kafashpour and Najafi Siahroudi, 2008). In contrast to more objective metrics like profit margin and return on investment, the majority of academics place a higher value on subjective metrics like customer happiness and loyalty as indicators of performance (Holly et al. 2, 2003). The following factors were identified by Kaplan and Northorn (2004) as indicators of a company's performance: internal procedures, customer happiness, learning and development, and financial performance (Shams, 2014).

Explaining the efficacy, efficiency, and quality of previous activities is what Nili et al. (2002) mean when they say performance. The profitability of the organization is often conflated with performance, which is a common misconception. A myriad of factors, including the nature of the organization, the philosophy and purpose of its leadership, external factors, and internal factors, all have a role in determining how well a business does. Hence, for this goal, a number of indicators and criteria are employed. Due to the lack of agreement among researchers on the criteria to be utilized for measuring performance, many components have been included in studies pertaining to corporate performance (Kafashpour and Najafi Siahroudi, 2008). (Rezaei Dolatabadi and Khaef Elahi, 2005). Market performance, customer performance, and financial performance make up this foundation of company success. Market performance has an emphasis on sales volume, growth, and market share; financial performance places an emphasis on profit, profit margin, and return on investment; and customer performance places an emphasis on customer loyalty and satisfaction. This set of criteria has been employed time and time again by marketing researchers. Radvan and Rosli (2011) provide a plethora of studies that attest to its validity and dependability.
Researchers like Henin and Corolla (2006) have shown that when an entrepreneurial climate exists in a firm, it leads to an increase in sales, income, and the number of consumers, among other benefits. Market indicators, customer feedback, and sales volume all contribute to an organization's performance, which is a measure of its efficacy and efficiency during a given time period (Adams and Sykes 2, 2003). Performance has been defined as the process of comparing actual results with anticipated ones, investigating how far an organization has strayed from the program's intended framework, gauging how well individual employees have done their jobs, and tracking how far along the path to success the organization is (see and Brahim 3, 2010).

The degree to which an organization achieves its objectives can be gauged by looking at its performance. This simplistic perspective was prevalent in the 1950s and largely concerned an organization's efficacy; according to Valmohammadi et al. (2015), this indicates that performance is considered to have been attained when the actual outcome was identical to the intended one. The term "performance" now encompasses a wider range of metrics due to the exponential growth in the complexity of today's corporate landscape (Prakash, 2017).

Accounting, marketing, operations management, sociology, psychology, and economics are all part of the vast and diverse field that is business performance. Profitability is one of several important metrics used to measure a company's success, along with the following: growth, the efficiency of human resources, the quality of products and services, the success of suppliers, customers, and the market.

The idea of performance has a multi-dimensional structure whose assessment varies depending on the kinds of elements, as pointed out by Holton and Beitz (1995) in their discussion of the concept's interpretation and necessity. Additionally, they highlight the significance of determining if behavior or performance outcomes are the intended outcomes of evaluation. Everyone has their own idea of what constitutes performance. The only way to look at performance is as a log of outcomes.

A person's performance can be defined as their track record of success when seen from their own perspective. Among the many viewpoints on the subject, one can find the following definition of performance: • According to Kane 1 (1996), performance is something that an individual abandons once they have achieved their objective.

Performing is defined as "doing, performing, completing, or doing ordered or committed work" in the Oxford English Dictionary.

Because results can be skewed by systemic issues, Camp Bell 2 maintains that performance, which is behavior, should be separate from results.

Both actions and outcomes are encompassed in the term "performance" (Brom Brach 3 (1988)). The performer's actions are the catalyst that turns performance into a tangible reality. A person's actions are both a means to an end and an end in itself. Based on this definition of performance, it's important to consider both inputs (behavior) and outputs (results) while managing the performance of individuals and groups. According to Hartel, this approach is a hybrid model of managing performance. Levels of competence and accomplishments, goal-setting and goal-revision are all encompassed in this paradigm (Armstrong, 2005).

Profitability

Profit, in its most basic sense, is the positive amount by which total revenue exceeds total expenditures. The primary objective of any business's owners, management, and employees is to maximize profits (Akjoch, 1985).

It is helpful to be aware of different ways to measure the net profit of a profit-making unit, but it is equally important to accept a comprehensive concept of profit for the purposes of external financial reporting. This is because, from an informational standpoint, the accrual concept of profit expresses the result of accounting activity (William & Demski, 1979). Additionally, observational research has shown that accounting profit (Ball & Brown, 1968). Thus, it is clear from a comprehensive examination of several profit-related conceptions and purposes that no one profit-related concept can adequately address all of these needs (Shabahang, 2009).

These are only two examples of the several definitions that have been proposed for the term profit:

A company's net profit or loss is the amount by which its equity as owners of capital changes. This happens as a result of the profitable and ongoing operations of the company and its subsidiaries, as well as random events and other factors that impact the company. All changes in the rights of capital owners during a period, excluding changes produced by investment and distribution of resources among them, constitute the source of capital owners, or the net profit or loss. According to generally accepted accounting principles, a company's net profit or loss is the difference between its revenue and its expenses for a specific accounting period. This disparity shows how much equity has increased or decreased as a result of the profitable operations of the parent company and its subsidiaries, as well as other events, conditions, and random occurrences. In 1991, Alvidar

Purposes of profit reporting

For individuals who are primarily concerned with financial statements, the income statement primarily serves to furnish them with relevant information. A clearer comprehension of profit reporting, however, necessitates the explanation of more precise objectives. According to everyone who uses financial reports, this is one of the most crucial basic aims. As part of its methodology, descriptive accounting differentiates between investment and profit, or resources and flows. Included in the profit report are the following specific objectives.

1. Measuring managerial effectiveness by profit.
2. Making projections about the future of the profit-making unit and dividend distribution based on the levels of historical profits.
3. Making management decisions based on profit as a measure of success and progress.

Economists utilize profit as a basis for tax recognition, unit products that are subject to pricing have their prices reviewed, and there are other objectives that were not listed above. Lastly, there is the examination of resource allocation. Schehahang (2010).

Investigating profit dimensions

Discussions around the calculation of profit cover a lot of ground. Although it is one of the most essential components of financial statements, profit has several purposes depending on the context. The standard operating procedure (SOP) calls for profit as a basis for determining taxable income, an indicator of future interest payment policy changes, and a decision-making tool for investors. In light of the foregoing, we can analyze profit in the following ways:

First, taxation and redistribution of wealth are based on profit. Profitability is assessed and computed in accordance with rules and statutes enacted by the government. However, the tax is also determined using two additional bases: • The tax is calculated using the resources controlled by the corporation.

• When determining taxable income, the business's expenditures should be taken into account.

2. Maintenance policies and profit sharing are reviewed in relation to profit. A company's profit level is a good measure of its potential for future dividend payments or capital investment. Because of the distinction between accrual and cash accounting, a business can record a profit yet be unable to pay out the money because it does not have the cash on hand. That is why there is not a guarantee that you will actually get paid for your profits just because they were recognized. The dividend policy is based on a number of factors, including the company's liquidity and its investment stance.
3. Investment and decision-making are guided by profit. The general public tends to believe that investors aim to maximize their returns while maintaining a reasonable level of risk.
4. Individuals can use profit as a tool for predicting future economic events and profits. Using profit values computed using past price and present value is, in fact, a reliable method for profit prediction. The total profit earned by a business is equal to the sum of its operational profit and its non-operational profit, which encompasses both the former and the latter due to unforeseen circumstances. Assuming normal profit is constant, non-operating profit and loss are contingent on unforeseen circumstances, and net profit is the total of these two types of profits. While normal profit is considered to be continuous, net profit and loss is considered to be superior. Put simply, investors cannot benefit from net profit's atypical behavior while making decisions; thus, this criterion is preferable for accurate forecasting.
5. A measure of efficiency is profit. Earnings are an indicator of how well a company's leadership has overseen its resources and carried out its operations. The Financial Accounting Standards Board states that financial statements can be used to evaluate management's performance and the efficiency with which the company's resources are being used to accomplish its main objectives (Bellcaoul, 2000).

The economic concept of profit

Economists have long been preoccupied with the idea of profit. The first economist to use the term "profit" to describe a rise in wealth was Adam Smith (1890). Almost all of the classics, notably Marshall (1947), followed Smith in focusing on profit and associating "A" with their preconceived notions or mental images of how businesses operated. As an example, they established a clear distinction between fixed and working capital. They distinguished between physical capital and profit, with the former serving as a foundation for the latter. They placed an emphasis on profit realization. This perspective is articulated in the late 20th-century theories of capital and song by Van Baum Bauerk (1951) as something more than just money. Amidst the monetary movement's

eclipse of economic research, Van Bam Yaorek sought to develop a non-monetary notion of profit. It was about the turn of the twentieth century that concepts related to profit first emerged.
Hicks (1946), Lindahl (1919), and Fisher (1919) all offered fresh takes on what profit is and how it works in economics. Following is Fisher's definition of economic profit: it's a chain reaction including three states: enjoying psychological profit, real profit, and monetary profit. According to Fisher, accountants may see a more tangible and useful side to actual earnings. In 1991, Alvarr wrote on pages 53–76. The idea of profit, as Lindahl put it, is the "guaranteed profit (interest)" that results from the gradual appreciation of a company's assets. The term "savings" refers to the amount that, throughout a given time period, is separated from both consumption and expected interest. According to this school of thought, economic gain is defined as the sum of consumption and savings over a given time period.

Profit prediction

In order to forecast future profits based on patterns seen in the past, scientific study on the empirical description of accounting profit behavior has expanded in recent years. The research in this area has been significantly influenced by three key factors:

1. Bond evaluation models are being used. The objective of these endeavors is to substitute future cash with expected profit.
2. Seeking insight into the connection between accounting earnings as reported and future profits. The reason for these endeavors is to discover a better way to calculate the predicted profit.
3. Seeking to understand the rationale for selecting various accounting methods for reporting purposes. A more even distribution of profits is the target of these initiatives. Page 20 of Khalghi Moghadam's 1998 book. The aforementioned instances suggest that groups of lenders and investors with more predictive skill tend to do better. This is because it facilitates their pursuit of the following objectives:
1. Assisting in determining the business unit's profitability 2-Projection of Impending Earnings 3) Determination of the business unit's temporary capital risk
4. Calculating the potential dangers of giving money to a specific company (Khalghi Moghadam, 1998, p. 20).

Profit as a measure of efficiency

Both the present dividend flow and the utilization of capital to guarantee future dividend flows are impacted by how successfully the for-profit entity is run. Consequently, the effectiveness of management is of interest to all shareholders, particularly common shareholders. The current shareholders have the option to replace the management team if they are not efficient, and they can also reap the benefits of a well-run company. Prospective investors look to the profit-making unit's share price to gauge management's efficiency. The efficiency criterion serves as a foundation for decision making in both of the instances mentioned above. The following is the first statement from the Financial Accounting Standards Board, which reflects this goal of evaluating the for-profit unit's efficiency: During the financial period, the for-profit unit's financial performance should be detailed in the financial reports. According to Shabahang (89, p. 183).

Efficiency, conceptually speaking, at least. Its real-world interpretation is also possible. In one view, it stands for the relative strength of the profit-making unit in maximizing output relative to inputs, or in other words, getting a fixed amount of output from a fixed set of inputs, or in other words, finding the sweet spot between supply and demand, price, and resource utilization that maximizes return. Intended for the proprietors. However, keep in mind that efficiency is relative; it is only meaningful when measured against something desirable or anticipated.

The efficiency is also purpose-dependent for the profit-making unit. Profit maximization or giving reasonable returns on investment are two examples of such objectives. If the capital expenditures of the profitable business do not change from one year to the next. It could appear that the profit amount is a good metric for efficiency. It is possible to determine if the profit for the current year met, surpassed, or fell short of the target by comparing it to the earnings for the preceding years. However, this assumes that the funding mechanism has remained constant throughout time. It is appropriate to compare the profit to either the total capital or the total sales income. Assuming the whole capital is divided by the net profit. Productivity quotient. Return on investment is the name given to it. This rate appears to be the case in this manner. In order to find out how well the profit-making unit is using its capital. The mentioned standard is the determinant of the efficiency measure, as has been said before. A few examples of possible benchmarks are historical returns, returns of similar for-profit units, an optional rate, or market rates. Regarding all of the matters mentioned earlier. Interest rate on capital loans

The efficiency of the for-profit unit's investment strategy is dependent on the application of suitable metrics for profit and capital.

Sales revenue during the financial period is another metric to use when comparing profits. While it is true that investment income can be more accurately quantified than sales income for a given accounting period, there are still drawbacks to utilizing this basis. If the capacity utilization is consistent throughout fiscal years or if management views idle capacity as an indicator of inefficiency, then comparing net profit to sales revenue ratios over fiscal periods is legitimate. Comparing this percentage across several profit-making units is an even bigger challenge. If the sales-to-capital ratio is constant across all companies, then the comparison holds. Given the nature of the illness, which is quite unlikely. Also, you can't use this ratio to compare various profit units. Shabahang states (89, p. 184).

Adam Smith21 argues that capital's profit is the money coming in from the capital that was used or managed. Adam Smith thinks that a person's average yearly profit can't always be known with precision since profit is one of the changeable variables and because of the pleasantness or lack thereof of a work and its risk or security are two aspects influencing profit. Is. Actually, profit fluctuates not just annually but often daily and even hourly. Consequently, it would be tough to calculate the national average profit and far more difficult to estimate the profit from prior periods with any degree of certainty. Like many others, Adam Smith sees profit as the "growth of wealth" (Sabai, 2011:15).

Assessing a company's present and projected profitability is of utmost importance to creditors and investors (bank). A company needs to make a certain amount of profit to satisfy its creditors and investors so that they will lend it money. Businesses can't raise the funds from shareholders or creditors to launch new initiatives unless they turn a healthy profit. A company's long-term success and sustainability hinge on its capacity to generate sufficient revenue to meet all of its financial commitments and reward its primary shareholders adequately.

Everyone from creditors to owners to staff to management cares about a bank's profitability. Financial institutions generate revenue through the provision of banking services to clients. This is achieved by offering low-interest deposits to consumers and higher-interest facilities to those customers. The profit and interest margin that a bank makes is calculated as the difference between the two rates indicated. Profitability scales are thus linearly proportional to the extent to which the bank is able to employ them.

Backgrounds

Case study: small and medium-sized firms in Herat, Mohammadi et al. (2018) looked at how an entrepreneurial mindset affects business performance. The influence of small and medium-sized businesses in emerging nations' economies is substantial. A combination of an entrepreneurial spirit and well-thought-out strategies has allowed this corporation to thrive and remain a major player in many nations' economies. The present study intends to examine the impact of an entrepreneurial mindset on business success because this is a crucial matter. A standard questionnaire with 70 questions was used to gather the data needed to test the hypotheses. The questionnaires were delivered to the manufacturing enterprises of Herat city. Using Amos 6 and confirmatory factor analysis, we were able to measure the research's construct validity. There is a Cronbach's alpha value greater than 0.7. Because of this, the questionnaire is an effective tool. For statistical data analysis and hypothesis testing, structural equation models have been utilized.

Method

In order to improve their performance, banks constantly measure various aspects in different ways. Increasing and bettering the performance of banks has been the subject of numerous studies. We attempt to investigate the assessed criteria for judging banks' performance in this study by employing interpretive structural modeling. Eight considerations: Factors such as staff output, deposit amounts and numbers, granted facilities and numbers, and service satisfaction Factors impacting home price appreciation, the proportion of funds available for building, and the use of electronic banking Housing Bank's performance forecasts have been utilized. It is a qualitative approach that employs Using the perspectives of three experts and the typical format of their questionnaire responses, the researcher sought to develop an appropriate model for In order to boost banks' efficiency, we are identifying the most important variables. The findings demonstrated that among the variables tested, electronic banking had the least amount of facilities granted and the lowest level of satisfaction with the service. The value-added of home costs, the proportion of facilities paid for during building, the amount of facilities granted, and the satisfaction with electronic banking services In other words, the worth of a home is directly proportional to the proportion of the cost of the building's infrastructure that goes into its development. Both the quantity of facilities provided and the level of satisfaction with electronic banking services impact these. Total deposit amount expressed as a percentage There is an immediate and low-to-high association between the building permits issued and the increased value of home prices; specifically, the amount Factors such as the proportion of facilities paid for development and the increased value of house prices determine the quantities of deposits. The quantity of amenities The number of facilities is influenced by the quantity of deposit amounts, which is directly related to it and goes from low to high. Is. If you want to know how many facilities are in an organization, you'll find that they have a direct and low-to-high relationship with the number of deposits and staff productivity.

This study employed the mixed research strategy. This study follows the mixed-methods approach, which combines quantitative and qualitative techniques. After reviewing the current entrepreneurial trend and its impact on bank performance (particularly profitability), this study aims to give actionable recommendations for how the Agricultural Bank might improve its operations. As a result of focusing on one facet of a phenomenon when conducting research using either quantitative or qualitative approaches, other parts of the phenomenon are unnoticed (Bazargan, 2018). Gives information about behavioral and social phenomena.

Statistical Society

Any group of individuals or entities with a shared goal and defining attribute is considered a society. Next to it, you'll see the letter N. Our goal in doing each study is to extrapolate our findings from the sample to the entire population (Habibpour and Safari, 2014). Seven associates and specialists from the West Azarbaijan province Agricultural Bank's branch management organization and three faculty members with extensive expertise make up the current statistics population for the qualitative portion of the study. In fact, ten university students make up the statistical population for the qualitative section of the questionnaire, which asks them to fill out the necessary questions. In the quantitative section, employees of the management organization of the branches of the Agricultural Bank of West Azarbaijan province make up the statistical population, which asks them to fill out the necessary questions.

Sample size and measurement method

The sampling method involves taking a small sample from a larger population and then extrapolating the results to the whole. However, since there are less than 100 people working for the Agricultural Bank of West Azarbaijan Province's branch management organization, this is no longer relevant. There is no sampling involved, and the number of participants (54 total) is identical to the statistical population.

Method of collecting information (field, library, etc.)

Collecting information pertaining to the subject literature and research background is done using library procedures. Written materials such as books, treatises, and articles, as well as reputable online sources, have been consulted in the library technique. Using a questionnaire consisting of sets of questions to gather information from respondents, the field technique was able to measure and analyze the respondents' actions, thoughts, and qualities.

Qualitative section

1. The first research question: how the tendency to entrepreneurship with regard to innovation can affect performance

Is it effective for banks to prioritize profitability?
primary phase. Acquainting oneself with the data:
The researcher needs to fully immerse himself in the qualitative data on innovation-related entrepreneurship if he wants to familiarize himself with their breadth and depth of content. Actively reading the data (i.e., seeking for patterns and meanings) and "repeating the data" are common components of data immersion. Before beginning to code the data, the researcher in this study reads all of the interview transcripts once. Taking notes and underlining key concepts for later use has actually begun at the outset of this stage.
Step two: creating main codes (deriving ideas from expressions with semantic content)
When the researcher has familiarized themselves with the data on the propensity towards innovation and the performance of banks with an emphasis on profitability, the second stage of the investigation can begin. Making first codes using the information from the current inquiry is part of this process. Whether the topics are motivated more by theory or data will have an impact on the coding process. Theory, not data, has been the driving force behind the present investigation. Thus, data that is relevant to the research's aims has been coded in the second stage; specifically, the data shows that entrepreneurial innovation tendencies can impact banks' profitability-focused performance across various levels of study.
Summary of the qualitative section
Table (4). Extracted dimensions and components of the entrepreneurial tendency model affecting the performance of banks emphasizing on profitability

Dimensions	Components
Innovation	Providing services and developing new products
Internet banking development	
Development of banking social networks	
Competitiveness	
risk taking	Conservatism
conditions of uncertainty	
a pioneer	Cooperation and organizational coordination
Improving the level of communication	
Attention to human resources	
Aggressive competition	Market monopoly
Financial control	
Predicting the behavior of competitors	
independence	Having freedom of action

Control of environmental conditions	Components
Use of intellectual abilities	

Findings from demographic characteristics

This section delves into descriptive statistics methods used for data analysis, including making frequency tables and statistical charts. These tools allow us to examine the distribution of the statistical sample based on variables like age, gender, education level, and respondents' service history.

Qualitative results

The first question needs an answer: how might entrepreneurial traits impact the profitability-focused performance of banks?

An entrepreneurial inclination that has a positive impact on the profitability and efficiency of financial institutions across five dimensions: One, taking risks with components that are associated with conservatism and conditions of uncertainty; two, innovation with components that are associated with service provision and product development, internet banking, social banking networks, and competitiveness.

3. Leading with components (organizational coordination and collaboration, communication improvement, human resource focus).

4. Intense rivalry including elements (monopoly of the market, command of financial resources, ability to foresee actions of rivals) and, lastly,

5 Having components (the freedom to act, the ability to manage one's environment, and the use of one's intellectual abilities) is independence.

Recommendations supported by research theories:

Here are some suggestions for the first hypothesis: the impact of innovation on banks' performance, particularly with regard to the management organization's profitability

West Azarbaijan Province's Agricultural Bank branches work well.

1. It is necessary to take action in order to expand product offerings and establish new service models in response to the rising level of competition in the market and the proliferation of enterprises operating on a global scale.

2. You can take advantage of new banking services and promote innovation with the development of internet banking.

3. In order to innovate in the banking social networks and encourage clients to adopt new services.

4. Enhance competitive advantages by introducing innovative financial service methods.

Supporting evidence for the second hypothesis is that the Agricultural Bank of West Azerbaijan province's branch management structure is more profitable as a result of pioneering efforts.

1. More collaboration and coordination means less time spent figuring out how to beat the competition or addressing challenges, which means more time for pioneering.

2. One strategy to enhance communication is to work on one's communication skills. This will help with both internal and external communication, which is crucial for the organization's effectiveness.

Third, in terms of human resources, managers should push for more output from their staff in innovative procedures.

Three-Hypothesis Proposals: Harsh Competition on Bank Performance, Focusing on Organizational Profitability

There is an impact from the Agricultural Bank of West Azarbaijan branch management.

1. To strategize for market exclusivity in order to maximize profits through increasing market share

2. Avoid falling behind competitors owing to unfavorable investment conditions by regulating financial capacity to avoid financial performance faults.

3. Employees need to be trained to have competitive intelligence in order to predict how their competitors would act.

The fourth hypothesis states that the management structure of the branches of the Agricultural Bank of West Azerbaijan province is influenced by risk-taking, which in turn affects the performance of the bank, particularly its profitability.

2. Managers should avoid making crucial decisions when faced with ambiguity, as risk-taking inevitably leads to it.

Taking into account that the study's findings indicate a correlation between risk-taking and the profitability of banks' performance

The operational structure of the Agricultural Bank branches in the province of West Azerbaijan has been positively and significantly affected. From

In the province of West Azarbaijan, the Agricultural Bank's branch management organization has recommended this.

Mandatory risk management trainings to provide employees with the know-how to maximize the company's performance and minimize losses in the event of a failure.

Managers' propensity to take calculated risks decreases when they have access to information about risk management strategies. Methods and settings that are more cautious can also help people become more risk-tolerant.

Knowledge and uncertainty. Because of this, it is recommended that managers establish databases in

Give people the resources they need to be creative, innovative, and risk-aware for every choice they make.

Recommendations

The fifth hypothesis is that the organization's profitability should take precedence over the pursuit of independence in evaluating bank performance.

There is an impact from the Agricultural Bank of West Azarbaijan branch management.

1. Allow the employees' abilities and ideas to bloom by providing an environment of freedom of action and independence.

2. Manage the work environment in a way that people feel empowered and can easily run

Engage in pursuits that alleviate tension.

3. Acknowledge and appreciate the employees' intellectual ability; this will foster a sense of purpose and autonomy.

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