EFFECT OF RESOURCES RELATED TO MARKETING AND INNOVATION ON EXPORT PERFORMANCE WITH MEDIATING ROLE OF PRODUCT INNOVATION (CASE STUDY: BONYAD MOSTAZAFAN FOOD AND DRINK HOLDING)

Reza Mostafaie¹, Mojtaba Maleki², Sajjad Soroori³, Abolhasan Khademi Moghadam⁴
¹Master of Business Management- International major, Islamic Azad University North Branch, IRAN
²Department of Pharmacoeconomics & Master of Business Administration (MBA), Faculty of Advanced Sciences & Technology, Pharmaceutical Sciences Branch, Islamic Azad University, Tehran, IRAN
³Master of Industrial Management, Islamic Azad University Najafabad Branch, Tehran, IRAN
⁴Master of Business Management, Islamic Azad University Central Branch, Tehran, IRAN

ABSTRACT

The present study aims to investigate the effect of resources related to marketing and innovation on export performance with mediating role of product innovation (case study: Bonyad Mostazafan Food and Drink Holding). In order to achieve the research objective, all 87 managers and experts of export, selling, marketing, and R&D sectors of Orumiyeh Pakdis, Kermanshah Zamzam, Iran Behnoosh, and Glokozan Companies 61 subjects filled the translated questionnaire adapted from Stephen and Lau researches. Main variables of the research include market orientation, innovation performance, innovation orientation, technology resources and export performance. This is an applied research in terms of the objective and a descriptive-survey study in terms of implementation. Path analysis model and PLS were used to investigate the relationship among research variables and hypotheses. The data analysis and hypotheses tests show that the relationship between market orientation and innovation orientation was confirmed in the export sector of Orumiyeh Pakdis, Iran Behnoosh, and Glokozan Companies. Increasing innovation grade is resulted by increasing marketing-orientation level that leads to better export performance in the company; in this regard, the increase of innovation resources plays a significant role in innovative performance of the company; however, total factors ultimately will increase export performance directly. Generally, it can be concluded that market orientation significantly influences export performance and product innovation performance. Therefore, as a general suggestion it can be stated that by using results obtained through this practical and applied research managers of these companies can enable the organization to maintain the loyal customers by relaying on higher levels of market-orientation and innovation and consequently improve export performance of the company by implementing this strategy.

*Corresponding author email: mostafaie51@gmail.com

INTRODUCTION

Until the fifties, the traditional view on marketing knowledge was dominant and marketing laws were determined and indicated by looking from inside to outside of organization. The dominant thought was to produce and sell at that time. The responsibility of marketing unit was to sell whatever company could produce and business units were thinking of monopolizing information and mass production strategy as well as the increase of selling and profitability of the company through appealing to governance over the markets. By then, Webster described marketing knowledge as: organizations decision makers consider short-time horizons and advertisement and the sales force ability of a company attract the most attention of the marketing sector [1].

The marketing conception states that activities of any business unit start with identification of customers and their needs rather than with having initial materials or utilizing sale skills; therefore, an organization is responsible for effectiveness to customers rather than simply to produce and sell goods or services and the organization will survive
just if it satisfies the customers and their needs successfully. Various researchers have formulated methods and models to apply marketing conception. Since organizations success is linked to making a sustainable competitive advantage and to create a superior value for customers is the key of making this advantage; hence, focus on customers, competitors, and other effective factors in the market have been practically used as the dominant culture in the organization or as an integrated set of purposeful activities toward market have been applied as comprehensive conceptions such as market orientation and customer orientation. [2]

Kohli and Jaworski (1990) defined marketing as the implementation of marketing conceptions. Marketing conception is defined as following [3]:

1- The efforts of all members of the organization to obtain customers’ satisfaction;
2- The management focus on marketing strategic planning;
3- To achieve profit by responding to different and changing needs of customers, particularly profitable customers. In fact, market-orientation have modified the traditional conception of marketing [4];

Kohli and Jaworski [4] identified three structural components of market-orientation as the following:

1- Collecting and analyzing all data related to the market;
2- Publishing data in various organizational sectors for coordination and strategic planning;
3- Executing the designed strategic plans to satisfy customers in the market;

Marketing-orientation is one of the organizational culture dimensions through which employees give the highest value to the firm profitability and customers’ retention by creating superior value. Market-orientation is a type of behavioral norm expanded all over the organization and is responsive to the present and future needs of the market and customers by innovation. Narver and Slater defined market-orientation as a competitive strategy which is the most effective behavior to increase value for consumer and consequently to ensure positive results in long-term. As quoted by these authors, market-orientation is defined based on customer-orientation, competitor-orientation, and coordination inside the organization [5].

To measure this structure, Lado offered a more extensive model to define market-orientation including all application areas, organizational levels, and all different participants in the market as a competitive strategy. [6]

Market participants or market forces include:

1- Final customer
2- Mediator (distributor) customer
3- Competitor
4- Environmental factors

In order to provide and protect a competitive advantage, organizations should analyze each market force properly.

INNOVATION CONCEPT

According to a view, innovation is a managerial system which emphasizes on organization mission, seeks for exceptional opportunities, determines whether the strategy is proper or not, determines success criteria and searches for new opportunities. Dracker believes that successful innovation requires a concentrated hard work and a targeted effort. Innovation is an essential factor in making competitiveness at the global level leading to organizational growth and future success. It is like to an engine that allows companies to have permanent efficiency in global economy. [7]

Porter and Stern state that companies should make a flow of new products and processes to use technology more and yet move toward their stability. [8]

Wyckoff described innovation framework as the following:

- Challenge is the driving force of innovation. Interaction with customers and understanding their needs is one of the best ways of discovering new opportunities, capabilities, and motivation to implement them.
- Creativity is the brain of innovation. All things start from a thought and innovative organizations have found out that thought can be originated from anywhere.
- Communications is the vital vessel of innovation. The free information, beliefs, and emotions streams are the main vessel of innovation.
- Cooperation is the heart of innovation. Innovation is a team process fed by information interaction and team power.
- Completion is the muscle of innovation. New innovations are projects which are proposed as prior beliefs and executed successfully.
- Accuracy and contemplation is the ladder of innovation. Learning from successful and unsuccessful projects makes a vision for us to actualize the next successes in this regard.
Culture is the range of role playing and innovation. Culture is the reflection of leader, norms, values, the exact and visible representation of working manner and the organization’s individuals’ behavior with each other. Providing a flexible environment enables employees to respect to their ideas, tolerate risk, celebrate for successes, take pattern from employees respect to each other, and appraise the hobbies. The mentioned framework can facilitate making innovative organizations. [9]

**EXPORT CONCEPTION**

Today, export growth is a key for governments’ economic recreation [10]. Export development is in peak of government priorities and policies nearly in all developing countries as awareness and attention to the importance of export issue exists in developed countries.

In one hand, knowledge and experience are vital factors for competitiveness in foreign markets; on the other hand, there are various problems in exporting path that block export sales of the firm. Therefore, governments have historically offered motives for export both as export supporting plans [11] and as institutes like export development banks (Exim banks) [12]. Awareness, information, data, experience, and resources are necessary for firms to cope with these problems. Export developing plans are also defined to satisfy such needs and help the learning process in the international competitive environment, motivate business space toward exporting goals, and provide necessary infrastructures to facilitate export.

Market-orientation export is a strategic application of market-orientation in the export environment. The effect of market-orientation on the main performance is accepted in marketing literatures and companies with higher levels of market-orientation export achieve more information about customers and their needs [13].

In this state, companies will better understand strategies and suggestions about their competitors, and company will be able to achieve a better status in responding to its customers and the market in competitive environments than its competitors. Since few empirical studies have been conducted about marketing and innovation aspects and the effects on exporting performance, this research tries to mostly investigate various aspects of these variables. [14]

**RESEARCH HYPOTHESES**

**Main Hypothesis**
- Marketing and innovation resources are effective to export performance with mediating role of product innovation.

**Secondary Hypotheses**
- There is a positive relationship between market-orientation and innovation tendency in the studied companies.
- There is a positive relationship between innovation and innovative resources in studied companies.
- There is a positive relationship between market-orientation and product innovation performance in the studied companies.
- There is a positive relationship between market-orientation and export performance in the studied companies.
- There is a positive relationship between innovation and product innovation performance in the studied companies.
- There is a positive relationship between innovation resources and product innovation performance in the studied companies.
- Technological turbulence moderates the effect of market-orientation on export performances of the studied companies.
- Market turbulence moderates the effect of market-orientation on export performances of the studied companies.
- Market competition intensity moderates the effect of market-orientation on export performances of the studied companies.
RESULTS

Descriptive Analysis
In this section of statistical analysis, distribution of the statistical sample is examined according to gender, marital status, educational level, organizational level, the work experience of the company.

Fig: 1. Examination of the statistical sample by participants’ gender

According to figure-1, 56.5% of participants are female and 43.5% are male.

Fig: 2. Examination of the statistical sample by marital status
According to Figure-2, 72.13% of participants are married and 27.87% are single.

![Chart showing age distribution. Description: Series 1, younger than 0-25: 30; Series 1, 25-35: 21; Series 1, 36-45: 21; Series 1 older than 45: 1]

Fig:3. Examination of the statistical sample by participants’ age

As it is observed in Figure-3, none of participants are younger than 35, 49.18% of them are between 25 to 35 years, 34.43% aged between 36-45 years and 16.39% are older than 45 years.

![Chart showing educational level distribution. Description: Series 1, bachelor: 34; Series 1, associated degree: 11; Series 1, MA/MS and higher: 16]

Fig:4. Examination of the statistical sample by participants’ educational level

According to Figure-4, 18.03% of participants have associated degree, 55.74% have bachelor, and 226.23% have MA/MS or higher educational degree.
As it is observed in Figure-5, 68.85% of participants are expert, 29.51% are senior expert, 1.64% is middle manager and none of them are senior manager.

According to Figure-6, 29.51% of participants have fewer than 5-year work experience, 19.67% have worked for 5-10 years, 16.39% have 11-15 years work experience, 24.59% have worked for 16-20 years, and finally 9.84% of participants have more than 20-years work experience.
TESTING THE STRUCTURAL QUALITY

In analysis of structural models by the partial least squares method, there are three main criteria to test structural models: 1- determination of coefficient index (R²), 2- path coefficient significance (β), and 3- redundancy index or predictor relationship. To determine the coefficient is the main criterion of evaluating endogenous latent variables of path model. This index shows what percent of the endogenous latent variables is done by exogenous variable. However, if endogenous latent variable is influenced by several exogenous latent variables, the average determination coefficient values will be acceptable. The obtained R² for variables of the model is adapted by the following Table-1 that all are significant:

Table:1. Determination coefficient for structural quality test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Determination coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export performance</td>
<td>0.758</td>
</tr>
<tr>
<td>Innovation orientation</td>
<td>0.664</td>
</tr>
<tr>
<td>Innovation resources</td>
<td>0.843</td>
</tr>
<tr>
<td>Product innovation performance</td>
<td>0.498</td>
</tr>
</tbody>
</table>

Another index to confirm relationships in the structural model is significance of the path coefficients. The significance of path coefficients is complementary of the magnitude and the sign direction of beta coefficient of the model. If the above obtained value is considered more than the minimum statistics in confidence level, that relationship or hypothesis will be confirmed. The following Table-2 shows significance of 95% of the model path coefficients:

Table: 2. path determination coefficient

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path coefficient</th>
<th>Significance</th>
<th>Reject-confirm</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>0.815</td>
<td>13.159</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H2</td>
<td>0.918</td>
<td>31.772</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H3</td>
<td>0.683</td>
<td>4.289</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H4</td>
<td>-0.127</td>
<td>0.525</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5</td>
<td>0.071</td>
<td>0.194</td>
<td>Rejected</td>
</tr>
<tr>
<td>H6</td>
<td>-0.041</td>
<td>0.091</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7</td>
<td>0.834</td>
<td>5.696</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H8</td>
<td>0.485</td>
<td>1.731</td>
<td>Rejected</td>
</tr>
<tr>
<td>H9</td>
<td>-0.104</td>
<td>0.345</td>
<td>Rejected</td>
</tr>
<tr>
<td>H10</td>
<td>-0.358</td>
<td>1.388</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

In addition, the endogenous model and relationships among variables are as following Figure:8
RESULTS OF HYPOTHESES TESTING

Findings of the first hypothesis: there is a positive relationship between market-orientation and innovation tendency in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between market-orientation and innovation tendency is 0.815 implying that per unit increase in market-orientation 82% is added to innovation tendency. The significance of path coefficients is complementary of the magnitude and the sign direction of beta coefficient of the model. Since sig. value of this hypothesis is 13.159, $H_0$ is rejected and the research hypothesis based on significant effect of market-orientation on innovation tendency is confirmed.

Findings of the second hypothesis: There is a positive relationship between innovation tendency and innovation resources in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between innovation tendency and innovation resources is 0.918 implying that per unit increase in innovation tendency 91% is added to innovation resources. The significance of path coefficients is complementary of the magnitude and the sign direction of beta coefficient of the model. Since sig. value of this hypothesis is 31.772, $H_0$ is rejected and the hypothesis based on significant effect of innovation tendency on innovation resources is confirmed.

Findings of the third hypothesis: There is a positive relationship between market-orientation and product innovation performance in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between market-orientation and product innovation performance is 0.683 implying that per unit increase in market-orientation 68% is added to product innovation performance. The significance of path coefficients is complementary of the magnitude and the sign direction of beta coefficient of the model. Since sig. value of this hypothesis is 4.289, $H_0$ is rejected and the hypothesis based on significant effect of market-orientation on product innovation performance is confirmed.

Findings of the hypothesis 4: There is a positive relationship between market-orientation and export performance in the studied companies.
Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between market-orientation and export performance is -0.127 implying that this hypothesis can’t be analyzed via path coefficients and because sig. value of this hypothesis is 0.525, according to the path analysis, \( H_0 \) is confirmed and the hypothesis is rejected.

**Findings of the hypothesis 5:** There is a positive relationship between innovation tendency and product innovation performance in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between innovation tendency and product innovation performance is 0.071 implying that this hypothesis can’t be analyzed via path coefficients and because sig. value of this hypothesis is 0.194, according to the path analysis, \( H_0 \) is confirmed and the hypothesis is rejected since innovation tendency doesn’t have any significant effect on product innovation performance.

**Findings of the hypothesis 6:** there is a positive relationship between innovation resources and product innovation performance in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between innovation resources and product innovation performance is -0.041 implying that this hypothesis can’t be analyzed via path coefficients and considering that the sig. value of this hypothesis is 0.091, according to the path analysis, \( H_0 \) is confirmed and the hypothesis is rejected since innovation resources doesn’t have any significant effect on product innovation performance.

**Findings of the hypothesis 7:** There is a positive relationship between product innovation performance and export performance in the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between product innovation performance and export performance is 0.834 implying that per unit increase in market-orientation 83% is added to product innovation performance. The significance of path coefficients is complementary of the magnitude and the sign direction of beta coefficient of the model. Since sig. value of this hypothesis is 5.696, \( H_0 \) is rejected and the hypothesis based on significant effect of product innovation performance on export performance is confirmed.

**Findings of the hypothesis 8:** Technological turbulence moderates the effect of market-orientation on export performance of the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between technological turbulence of the market-orientation effect and export performance is -0.485 implying that this hypothesis can’t be analyzed via path coefficients and considering that the sig. value of this hypothesis is 1.731, according to the path analysis, \( H_0 \) is confirmed and the hypothesis is rejected since technological turbulence of the market-orientation effect doesn’t have any significant impact on export performance.

**Findings of the hypothesis 9:** Market turbulence moderates the effect of market-orientation in export performance of the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between market turbulence of the market-orientation effect and export performance is -0.104 implying that this hypothesis can’t be analyzed via path coefficients and considering that the sig. value of this hypothesis is 0.345, according to the path analysis, \( H_0 \) is confirmed and the hypothesis is rejected since market turbulence of the market-orientation effect doesn’t have any significant impact on export performance.

**Findings of the hypothesis 10:** Market competition intensity moderates the effect of market-orientation on export performance of the studied companies.

Since significance of path coefficients is the index to confirm relations of the structural model, the path coefficient between market competition intensity of the market-orientation effect and export performance is -0.385 implying that this hypothesis can’t be analyzed via path coefficients and considering that the sig. value of this hypothesis is
0.194, according to the path analysis, $H_0$ is confirmed and the hypothesis is rejected since market competition intensity of the market-orientation effect doesn’t have any significant impact on export performance.

**DISCUSSION AND CONCLUSION**

**Discussion about findings of the first hypothesis**
Market orientation as the application of marketing concept is considered by the present era organizations because now customer is selected for overtaking production on demand and increasing competition among producers [1], and the lack of attention to the customer is a way to destruct any business. Findings of the current research show the significant effect of market-orientation on innovation tendency.

**Discussion about findings of the second hypothesis**
The philosophy of market-orientation is based on the principle that to reach the organizational objectives market needs and demands should be considered and customers’ satisfaction should be met more, better, and more efficient than other competitors. Therefore, according to the basis of this philosophy, organizations moderate type of productions and consequently supply the consumers’ needs and gain profits. Research findings showed that innovation tendency has a significant effect on innovation resources.

**Discussion about findings of the third hypothesis**
Results of our research showed that an organization needs innovation to get a long-term competitive advantage and needs cognition and an accurate perception for this innovation. To achieve this purpose, the organization should constantly monitor the customers and competitors and analyze the obtained data. Market-orientation emphasizes on coordination of all activities and organization sectors along with cognition and supplying customers’ needs to create a superior value for them. Findings of the research showed a significant effect of market-orientation on product innovation performance.

**Discussion about findings of the hypothesis 4**
It is argued that since market-oriented organizations have the knowledge advantage compared to their competitors, this knowledge help them to be more efficient to develop new products. To succeed to develop new products leads to positive results for employees, customers, and generally organizations. Findings of the present research showed that market-orientation doesn’t have any significant effect on export performance.

**Discussion about findings of the hypothesis 5**
Company’s attention to marketing, innovation in products and providing services to customers are two important effective issues to customer satisfaction and finally customer loyalty. This issue shows that a successful formula is having high innovation with extensive marketing. Findings of the research showed that innovation tendency doesn’t have any significant effect on export performance.

**Discussion about findings of the hypothesis 6**
Findings of the current study showed that innovation resources don’t have any significant effect on product innovation. Maybe, it can be concluded from the evidence that innovation resource is not an organization’s problem, rather not to have an accurate perception about international market despite having strong R&D and marketing teams is the main problem.

**Discussion about findings of the hypothesis 7**
Organizations which are able to promote unknown views to unique solutions and employ methods to change creative ideas to useful results are considered as creative and innovative organizations. The organization appraise active innovation, education, and its members’ up-to-date knowledge development be updated and provide job security at an excellent level for employees to reduce the fear of being fired because of their mistakes as well as courage people to be changeable. Findings of the research showed that product innovation performance has a significant effect on export performance.

**Discussion about findings of the hypothesis 8**
The role of industry environment in development of a firm’s competitive ability is one of important fields in strategic management literature. As though, similar to strategic marketing literature, it shows daily incremental
interest to study the role of environment in forming a marketing strategy. Findings of the research showed that technological turbulence of market-orientation doesn’t have any significant effect on export performance.

**Discussion about findings of the hypothesis**

Competition intensity refers to the situation that the competition is intensive due to the many numbers of competitors in the market and the lack of growth opportunities. If there is no competition or if it is low, the organization may have proper performance because the customers may be inevitable of consuming company’s products while customers will have various choices in the case of an intensive competition. Findings of the research showed that market turbulence of market-orientation doesn’t have any significant effect on export performance. Therefore, it can be concluded that in Iranian market, despite the organizations’ equipment to all technologies, the necessary results have not been achieved yet. This may be due to the lack of having strong business intelligence and updated products.

**Discussion about findings of the hypothesis**

Strategic management literature shows that managers formulate organizational strategies after reviewing environmental procedures. Therefore, the key point includes: Perception and interpretation of competitive forces by managers form the market conditions, intensity and nature of the competition and influence industry dynamisms. Findings of this research showed that market competition intensity of market-orientation doesn’t have any significant effect on export performance. Maybe, as innovation in the market can be a winning score for any organization, other reasons lose their importance or become less important for the managers. [13]

**CONCLUSION**

Since the relationship between market orientation and innovation is confirmed in the present research, it is suggested to managers of the present research that to reach superior indexes about market-orientation requires innovation tendency such as customers’ satisfaction and to have commitment to customers’ needs. We should have clear perception of all consumers’ needs. Today, creating value for customers is the main reason of survival in the market. Organization development and promotion can be achieved by creating superior value and ensuring for stay permanently in the market. For example, this promotion can be helped by marketing tools such as marketing research. The regular data collection from customers and competitors, cognition their advantages and disadvantages, and using organization competitive advantage to proceed others can be important tools of market-orientation for survival, while they should be aware of the organization’s present and future performance and coordination in all organizational levels. Information about the customer successful and unsuccessful experience is accessible for all employees and all business performances are integrated to provide services to the market needs, and managers perceive how each organization member can contribute to play a role in creating value for customer.

Since innovation tendency to innovation resources is confirmed in the present research, it is suggested to managers of these companies to promote the rate of new product introduction more than competitors, and the number of new lines of the products and changes in the product line or the product itself as the major executive and strategic plans can be known as innovation degree indexes in an organization.

In addition, the increase of organization resources such as certain policies for products innovation, R&D activities, and financial and human resources for investment to grow innovation should be considered. Managers should create an efficient research space in the organization and actively search new ideas. Resistance against risk reduces innovation and creative people and their reactive ideas should be supported by organization. In order to be proceeding in innovation, organizations should have close relationship with academic and scientific research centers, a coordinated and stabilized mechanism among customers, a good innovation process, and the production procedure in the organization.

Since the relationship between market-orientation and product innovation performance is confirmed in this research, it is suggested to the studied companies’ managers to improve market-orientation level in the organization to have loyal customers and so to take step in retaining the present customers that is less costly than attracting new customers according to marketing management literature. Therefore, product innovation performance is measured in various years to improve it. Its growth or non-growth should be monitored by managers. Organizations should regularly distinguish their products, if necessary, to have good market orientation on various products.
Since the relationship between product innovation performance and export performance wasn’t confirmed in this research, it is suggested to these companies’ managers to emphasize on ways of increasing proper innovation according to the customers’ needs of target markets among the present customers as well as to emphasize on the ways of retaining and increasing customers of the organization, and to prevent from any defects that leads to the lose of customers, because satisfying the loyal customers can act as a powerful instrument against organization competitors. To survive in export markets, having the necessary intelligence for perceiving changes in tastes and methods of satisfying customers’ needs in various countries is the required condition.

CONFLICT OF INTEREST
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REFERENCES


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