

The analysis of relationships between marketing power and market- orientation with performance of business

Hadi Sherafat¹, Shahnaz Nayebzadeh ^{1*}, Ramin Abghari²

¹Department of Management, Yazd Branch, Islamic Azad University, Yazd, Iran

²Department of Textile Engineering, Yazd Branch, Islamic Azad University, Yazd, Iran

Abstract: The market- orientation is considered as the heart of modern marketing today. With ever-increasing growth in competition, conversion of local markets into international ones, diversification of customers' requirements and requests, and cultural and social variation etc the ever-growing need is felt to market- orientation in several markets. Unlike classic attitude in which only customer was noticed, in modern market- orientation, it is emphasized in three factors of customer- orientation, competitor- orientation, and creation and exchange of information (data) among various units of the organization. The creation and exchange of data possess key role and in fact it is assumed as the basis for customer- orientation and competitor- orientation in the organization. As the organization can acquire further recognition about customers' requirements as well as activities of rivals and competitor- orientation and effective factors on conditions in market and disseminate these data throughout all levels of organization, it will be more capable to survive in the competitive market. The present study is aimed at analysis on effect of marketing on performance of business with respect to moderating role of business strategy that has been formed by means of variables of marketing power, market- orientation, and performance of business in research model. The methodology in this research is of applied type in terms of goal and it is deemed as descriptive-survey in terms of method. To analyze data in this study, the structured equations modeling and confirmatory factor analysis have been adapted where the results of study indicate that the marketing power may positively and significantly effect on business performance. Similarly, the market- orientation can directly lead to improvement in performance of business. According to research findings, the business strategy may balance the effect of marketing power and market-orientation on business performance.

Key words: *Marketing power; Market- orientation; Business strategy; Business performance*

1. Introduction

The generalities of market- orientation and its bases are latent in this concept. This concept is deemed as the philosophy of governing management over the organizations. This concept is related to customer- orientation, profit-centrism, and coordination of this sector with other sectors in identifying and meeting market and customers' requirements. Although, this concept has been posited at past and present, but its operational value is very limited since this concept is assumed as the governing philosophy over the organization so that it could be very difficult for this concept to become useful for the management. The organization could operationalize the concept of marketing via market-orientation (Rezaee Dolatabadi and Khaef Elahi, 2006).

Over more than three decades, thinkers and experts in the field of marketing have believed that business performance is influenced by market-orientation. According to opinion of Narver and Asltr, market-orientation is deemed as beating heart of management and strategy of modern marketing

and the business that is improved by its market-orientation and thereby it will enhance the business performance. Acquisition of excellent performance for an organization is subjected to creating sustainable competitive advantage and proposing stable preferred value for the customers (Sarmad Saeedi and Jamshidian, 2003). The market-orientation is the prerequisite for successful operation of a business. Thus, the enterprises may provide the preferred value for the consumers by paying attention to market- orientation and innovation and thereby upgrade customer's loyalty and this may enable the enterprise to achieve competitive advantage compared to other enterprises and accordingly acquire the better performance than its rivals (Pakdel et al, 2011). Likewise, several researches show that there is a positive relationship among market-orientation and commercial performance, market- orientation and improving personnel's attitude, and market-orientation with more customer- oriented sale workforce (Rezaee Dolatabadi and Khaef Elahi, 2006). It has been tried in this study to give answer to this question that what effect does marketing power and market- orientation exert on business performance?

* Corresponding Au thor.

2. Theoretical bases and research hypotheses

2.1. Marketing power

In economic texts, the marketing power is defined as the capability of market agents in affection on price of commodity in the market (toward acquisition of further profits under perfect competition conditions). Thus, from this point of view it can be immediately concluded that marketing power is not only restricted to power of supplier, but also applicants may have also power under some conditions. The marketing power is examined according to these three cases: Lack of replacement (substitution), lack of focus, and tackling with uncertainty (Auh & Merlo, 2012). The findings of several researches indicate that marketing power is an appropriate tool to take product-market strategy and it is led to better performance of the market (Hajipoor et al, 2012).

2.2. Market orientation

With respect to corporate competitive and performance advantage, market orientation has been characterized as a key subject. As a result, market tendency has been studied widely as the background for developing and maintenance of corporate competitive advantage. Identifying the relations among market-orientation and competitive strategies is vital to perceive the quality of market-orientation (Voola & O'Cass, 2010). The market-orientation is a group of responsiveness and pioneering behaviors of the organization, which is pledged by the organization in order to become customer-oriented and they continuously and actively employ all their efforts by means of their existing knowledge, experiences, and opportunities in order meet customers' overt and covert requirements and requests through creating innovation in product and process. Narver and Slater have divided market-orientation in terms of structure and concept into three elements of customer-orientation, competitor-orientation, and inter-duty coordination (Madhooshi et al, 2012).

2.3. Customer orientation

Customer orientation means constant and continuous perception of the requirements of current and potential target customers and using that knowledge (knowledge of identifying customers' needs) in line with value-creation for customer (Abzari et al, 2009). Customer-orientation is composed of proper perception of target customers to create the preferred value for them and the enterprises should properly perceive customers' value chain (Madhooshi et al, 2012). Deshpande and Webster argue that customer-orientation may be assumed as a certain group of ideas and beliefs in which the customer's interests are put at the top of interests of other beneficiaries (including owners,

directors, and personnel). These ideas can be induced under title of organizational culture at more macro level (Abzari et al, 2009).

2.4. Competitor Orientation

Competitor orientation denotes continuous perceiving of the capabilities and strategies of current and potential major rivals, who provide the requirements for target customers of the organization and using that knowledge (knowledge for identifying rivals) in parallel with creating preferred value for the customers (Abzari et al, 2009). The competitor-orientation means recognition of short-term strong and weak points and long run strategies and potentials of current and potential rivals of the organization (Heidarzadeh & Nayebzadeh, 2009).

2.5. Business strategy

As it implied in the previous studies, the researchers have claimed that IT capabilities can facilitate corporate business process and assets and thus improving mutual commitment among units regarding supply chain. Therefore, the relationship among IT and results of strategic and operational performance may be attributed to an opportunity that is created through coordination with brokers, supervision, and capacity for attraction and investment for contract (Jean et al, 2008). There are two types of strategy in enterprises: leadership in cost and distinction, leadership strategy in cost includes an integrated group of the efforts made for production of product or services with unique characteristics, which are sold to the customer at lowest price and cost and it consists of lower cost and further profitability than the rivals. The distinction strategy is composed of an integrated group of the measures that have been made to produce commodity or services (at reasonable costs) and perceiving them is important for the customers under various titles. There is a positive and significant relationship among distinction and market share (Teeratansirikool et al, 2013). With respect to strategic link between enterprises, the corporate repute and performance has not been highly noticed by means of measurement of diversified performance throughout the industry. One could achieve discovery and determination of direction and potential of relations between key dimensions of corporate repute and performance with study on corporate strategies. These studies express identifying relative importance of three features of corporate repute generally as repute, quality of products and services, social responsibility, and innovation (Lee & Roh James, 2012).

2.6. Business performance

Business performance consists of competitiveness or potential for competition relating to all systemic cornerstones of a business including inputs, processes, and outputs. In other words, the business is competitive when and enjoys higher competition power that it possesses inputs, processes, and outputs of the competition. Accordingly, it necessitates in analysis on relationship among market-orientation and competitiveness to explore the relation among input of market-orientation and competitiveness, competitiveness of process, and output competitiveness of business. However, such analysis in a study may exit the size of study from normal mode and reduces its effectiveness. The business performance includes performance of customer, performance of market, and financial performance (Divandari et al, 2008).

2.7. Marketing power and business performance

Corporate classification of business means that the organization can use it to tackle with uncertainty with reliance on various procedures in their subunits. The marketing is more rarely considered as a function and it is further assumed as a group of values and processes including execution of all the functions in the enterprise (Auh & Merlo, 2012). There are various criteria for evaluation of performance for judgment in which the output is the direct marketing model. The process of this model comprises of building and evaluation of direct marketing including two phases of training and test. Two different groups of data are used at two stages. The given training system is employed for building direct marketing model and validation data with unknown results are predicted for using in analysis of direct marketing performance in the model. In this technique, evaluation of direct marketing models is focused on managerial approach in accuracy and profitability criteria (Bose & Chen, 2009). As it expressed by many researchers, the internet transactional systems can be used like the market as well. More importantly, the relationship among buyer and supplier is more efficient than telephone calls and fax and eventually it contributes to approach further their relation together. Thus, the internet contracts in E-markets are allowed with short-term contracts (Jung Oh & Wook Kim, 2011).

3. Research history

3.1. Research history at domestic level

An investigation has been carried out under title of 'The fields of commercial partnership among Iran and South Korea' and by aiming at exploration of commercial partnership platform among Iran and South Korea in order to use better new business opportunities. The results indicate that joint investments with orientation of producing exportable commodities in the field of electronic

equipments has played efficient role in exportation. With respect to attractions of market in South Korea in the field of producing leather, the cooperation in the joint investments in this area may play efficient role in creation of relative advantage (Hashemian & Hassanpoor, 2003).

A study has been conducted under title of 'Determination the rate of impact on business performance with respect to potentials in chemical industries' by aiming at creation of a conceptual and decision - making model to define effective links for business performance. The questionnaire was used as a tool for data collection and chemical industries are statistical population. 125 companies have been randomly selected among the active firms in chemical industries. Data collection has been carried out through modeling of structured equations under LISREL program. The results of research indicate that business performance is influenced by integration within the current competitive climate (Rezaee Dolatabadi & Khaef Elahi, 2006).

A survey has been done under title of 'Coordination the strategy of human resources with business strategy and organizational culture' and with the following goals. How can an organization make sure that its organizational culture supports from the given formulated strategies? Are organizational culture and human resources strategy of the organization assumed as independent techniques to increase organizational success or interact with each other? And briefly, there is a relationship among strategy, culture, and performance of human resources and how can we compose them together thereby to improve competitive advantage of the organization? The given data were collected by questionnaire and for data analysis; bi-factor and one-factor ANOVA were employed. The statistical population and sample include 80 personnel of the given enterprise. The results indicate the strategy-centered coordination and integration in concept of human resources strategic management. However, strategic integration means creating alignment among human resources strategy with corporate strategy. But to establish such strategic coordination it is important to pay attention to the culture as a force that may obstruct execution of the strategy (Aarabi & Moghadam, 2007).

An investigation has been conducted under title of 'The barriers against implementation of marketing strategies (Presentation of classification and its ranking for Iran Khodro Industrial Group)'. Data were gathered by interview with 50 companies and data were analyzed through single sample t-test and Friedman test. The results of that study signify that the class of managerial barriers has the highest significance among eight-class categorization. Afterwards, class of structural barrier is placed at second position, and classes of cultural, perceptual, strategic, operational, and workforce and resources are ranked at next positions (Mamdoohi & Seyed Hashemi, 2008).

Another survey has been carried out with title of 'Strategies of Iranian premier exporting companies in 2007' in statistical population from 44 Iranian premier exporting companies with sample size including 36 members and it is mainly aimed at identifying competitive strategies of Iranian premier exporting companies. Data were collected by distribution of questionnaires among the enterprises out of which 27 companies answered to the questionnaire and the collected data were statistically analyzed by SPSS software and in this course the binomial test was employed. The result of study suggests that most of the Iranian exporting companies have taken cost-leadership strategy and they enjoyed distinction and lesser focus strategies (Iman Khan et al, 2009).

A study was executed with title of analysis on relation among Customer Relationship Management (CRM) with performance in banking industry. The methodology of that study was of descriptive-applied type and with correlation. The statistical population includes all public and private banks at Tehran City. The questionnaire was utilized as tool for data collection. The findings of this study show that relationship with customer may essentially affect on performance of organizations (Taherpoor Kalantari & Tayebi Toloo, 2010).

Another investigation has been carried out titled 'Interpretation of product-market strategy and corporate potential in performance of market' in which the statistical population comprised of all of exporting and importing companies from Islamic Iranian Custom Administration with a sample including 401 agencies from the exportation and importation enterprises out of four regulatory areas in national custom administration (Hormozgan, Khuzestan, Sistan and Baluchistan, and Booshehr Provinces). This study sought for analysis on effect of the impacts of various dimensions of product-market strategy including cost leadership, distinction, and product-market domain comprised of specialization, architecture, and their relationship with market performance. The questionnaire was utilized to gather the needed data and data were analyzed by means of SPSS and LISREL software. The acquired results from data analysis showed that the cost leadership strategy, distinction, and product-market domain positively and significant affected on architectural and specialized capabilities. Similarly, there was positive and significant relationship among architectural and specialized capability with market performance (Hajipoor et al, 2012).

A study was executed with title of 'Analysis of market orientation role in performance of international sector in Mellat Bank' in which statistical population included a sample size with 140 participants from experts in foreign exchange unit at Mellat Bank and mainly by aiming at review on different dimensions of market-orientation and way of its effect on performance of international district in Mellat Bank. To analyze data, the structured equations model, Friedman test, and single sample t-test were employed for which

statistical software such as SPSS and LISREL was used. The results of this investigation suggested that the variable of customer-orientation has been more noticed than variables of competitor-orientation and inter-duty coordination among dimensions of market-orientation in international unit at Mellat Bank. Similarly, market-orientation has positive and significant effect on performance of international district of the bank. Alternately, potentials of marketing may improve this effect with mediating impact. The general result from this study signified that improvement in marketing directly and significantly affects on performance of international unit at Mellat bank (Vahabzadeh Monshi et al, 2012).

In another survey that was implemented with title of 'The review on mediating role of marketing potentials in relationship between strategic orientations and organizational performance' the statistical population included directors from the several branches of Melli Bank of Iran and with sample size comprised of 226 participants and it was mainly intended to examine the causal relations among strategic orientations and organizational potentials and performance. The results of that study indicated that entrepreneurship orientation and employee-centrism might positively affect on market-orientation (Kheiri & Roshani, 2013).

3.2. Research history at international level

Lai (2002) explores the impact of market-orientation on quality-centered enterprises and their performance. The statistical population includes 304 quality-centered enterprises. The needed data were collected by questionnaire and factor analysis and correlation analysis techniques were adapted to analyze findings. The findings indicate that perceiving the market status may be strongly correlated with implementation of total quality management (TQM) and commercial performance.

Polenderan et al (2003) analyze the relationship among commercial planning, market-orientation, and commercial performance. The questionnaire was utilized as tool to collect data. The statistical population comprises of 157 participants from directors in Australian multiple industries companies. The result of that study indicated that high quality of commercial planning might lead to performance advantages.

In a study, Kim (2003) explored the relationship among market-orientation and business performance in the international climate. The results of that research showed that the competitive strategies (including general strategies of cost leadership and distinction) influenced the relationships among market-orientation and business performance in international markets.

In another research that was implemented by Bergeron et al (2004) with title of 'The models of the needed ideas in light with strategic trend and business performance' that investigation was conducted by aiming at possible studies to identify

homogenous strategic and structural models like diversification and concentration'. The statistical population of this study included 110 small-size enterprises. The findings reflected the distinct model of business strategy and structure and IT strategy.

Cansuegra and Steban (2003) explored the perception of market-orientation effects on performance of airlines. 234 members of international airlines were selected from community of International Civil Aviation Organization (ICAO) as sample. Data were gathered by questionnaire and data analysis was conducted by means of Merkur criterion. The findings support from the positive effect of perceiving market status on commercial performance.

The survey of Katsikia (2009) in Nigeria showed that three main criteria of market-orientation model namely customer-orientation, competitor-orientation, and occupational cooperation and coordination might significantly affect on quality of marketing and corporate performance. The conceptual model has formed some part of the framework of the research primary hypothesis.

Merlo et al (2009) explored this subject that if the effect of marketing in the enterprise is basically the subject of repute or not. The researchers selected randomly 122 CEOs from 524 medium- to small-size organizations in Australia. The questionnaire was used as tool for data collection and data analysis was carried out by means of regressive analysis to test the hypotheses. The research empirical findings suggest that the repute and fame of performance in an enterprise is deemed as an important background for influence in that company. Also the results indicate there is random relationship among repute-effect under certain strategic condition in that company. Moreover, the results show that there was good repute and influence in the studied enterprises at strong level.

Helgesen et al (2009) analyzed the relationship among perception of experts from commercial performance and discussed about possible concepts in training. This study has been conducted in furniture and fishery companies at Norway. The relationship among experts' perception from commercial performance has been explored with composition of ordinal (descriptive) regression and clustering analysis. The results of this study indicate that the cluster or the group to which an enterprise belongs might create difference in commercial performance of that enterprise. Those enterprises, which take normal outlook toward this subject and are strongly focused on core of sale, possess better performance than the companies with more limited outlook to that issue.

Merlo (2009) looks for the effect of this level in terms of marketing power. A sample including 122 cases was selected among 600 CEOs in medium- to big-size factories in Australia. Data were analyzed by means of regressive analysis and factor analysis. The findings support from the relationship among all types of power and effect, except psychological power.

Zahay and Griffin (2010) explore the relationship among scales of customer-oriented performance (scales of corporate achievement) and performance of trade growth (strategic scales of corporate performance) within decisions and they suggest customer-oriented standards, which may play key role in measurement of general commercial achievements. The research statistical population includes 20 CEOs. The findings indicate that customer-oriented performance is related to selection of general positioning and separation strategies while taking of positioning strategy is related indirectly to commercial growth not directly. Both of time strategies, which the enterprise pursues those low-cost and different strategies will be led to better performance in B2B servicing enterprises.

In a study that was carried out by Chang and Chuang (2011) titled 'Performance implications of knowledge management process: Examining the roles of infrastructure capability and business strategy', the information from 135 enterprises might provide empirical support from this subject and it has been conducted in order to determine how to use the capability of infrastructure to corporate performance and generalization of the involved mechanisms and it takes empirical studies to analyze the impact of infrastructure capability and business strategy in knowledge management of process and in turn improvement of corporate performance by means of questionnaire and a series of statistical data.

An investigation was conducted under title of 'the power of marketing within the firm: Its contribution, industrial marketing to business performance and the effect of power asymmetry management' by Auh and Merlo (2012) in Australia. The size of statistical sample was 122 participants and data were collected by questionnaire. The results suggest that marketing power causes improving business performance and it has positive and significant effect.

Kim and Gao (2003) look for giving answers to these two questions that: firstly, does family involvement increase business performance? And secondly, is the relationship among family employment on management and corporate performance effective on goals of enterprise? The needed data were gathered by means of questionnaire and regression was utilized to test the hypotheses. The findings show that family employment in management does not directly affect on performance.

4. Research hypotheses

With respect to research theoretical bases and the former studies, the hypotheses of this study are as follows:

Hypothesis I: The marketing power significantly affects on business performance.

Hypothesis II: The market-orientation significantly affects on business performance.

Hypothesis III: Business strategy adjusts the effect of marketing power on business performance.

Hypothesis IV: Business strategy adjusts the effect of market-orientation on business performance.

5. Research conceptual model

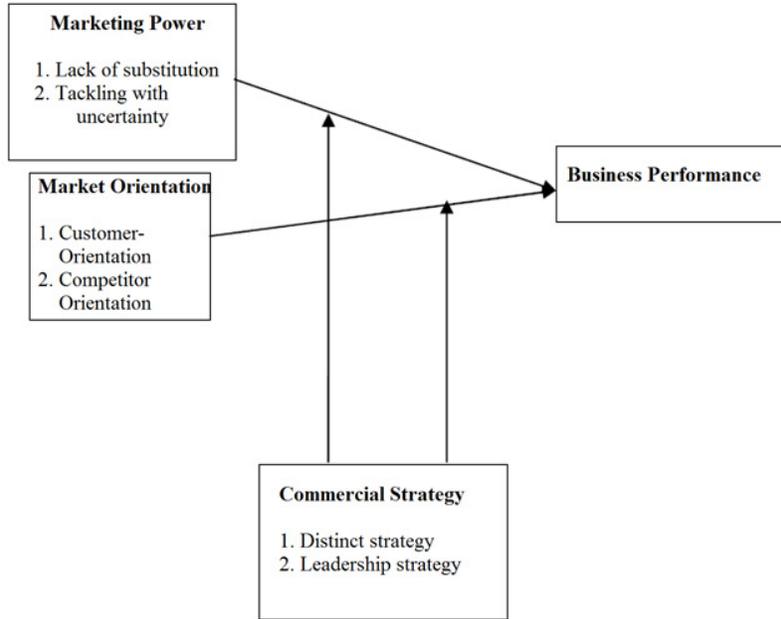


Fig. 1: The research conceptual model (Theodosiou et al, 2012, Auh & Merlo, 2012)

6. Methodology

The researches may be classified into fundamental, applied, and inquiry measure in terms of goal. The methodology of the present research is of applied type because the expected results may be employed to enhance the insight in bank directors for performance of the banks. The correlation methodology is considered as the best method in those studies where one variable follows of several other variables and they affect on it jointly. The relationship among two or more variables is studied in correlation research (Pasha Sharif & Sharif, 2004). Accordingly, the present methodology is of correlation type. The effect among variables in this study is analyzed according to research goal. Similarly, this study is assumed as descriptive research in terms of classification of studies according to way of data collection or in other words as design of research in which it is dealt with description of sample attributes and then generalization of these characteristics to statistical population. Therefore, type of this study is of

descriptive-survey with respect to goals and subject nature and execution facilities.

The method of data collection in this study is composed of librarian and field study. The related literature to subject of research is explored by librarian studies and questionnaire has been distributed as tool for data collection among personnel of Sepah Bank branches in Yazd City. The sample size has been also calculated based on Cochran formula.

$$\hat{n} = \frac{z^2 pq / d^2}{1 + \frac{1}{n} (z^2 \frac{pq}{d^2} - 1)}$$

Therefore, the sample size has been computed 105 participants in this study and questionnaire has been distributed among personnel of Sepah Bank branches by randomly sampling technique. Of 150 total members of this sample, who responded to this questionnaire, 131 participants were males and 19 of them were females and 4% of them were single and 96% were married. Statistical description of demographic attributes of 150 respondents is given in Table 1.

Table 1: Descriptive analysis of demographic variables

Variable	Group	frequency	Percentage	Variable	Group	Percentage
Gender	Male	131	87.3	Educational degree	AA	28
	Female	19	12.7		BA	63.3
	Single	6	4		MA	8.7
Marital status	Married	144	96	Work background	Under 5 years	0.7
	Younger than 25	1	0.7		6-10 years	17.3
Age	26-35 years	45	30		11-15 years	22.7
	36-45 years	65	43.3		16-20 years	30
	46-55 years	39	26		Higher than 20years	29.3

6.1. Questionnaire validity and reliability

In this questionnaire, Likert five scale- spectrum (very high = 5, very low = 1) was used in questions 9-22 while for the rest questions, Likert five- scale spectrum (completely agree = 5, completely disagree = 1) was utilized. In order to make sure of face validity, the questionnaire was delivered to the relevant experts including academic teachers and knowledgeable persons in this field and their comments also confirmed the validity of

questionnaire. To determine reliability of questionnaire, Cronbach alpha coefficient was used where the given alpha coefficient for total questionnaire was derived 0.927 by means of SPSS (v. 18) software. Whereas the value of Cronbach alpha coefficient for total questionnaire and variables is greater than 0.7 thus this test is reasonably reliable. The related results to calculation of Cronbach alpha coefficient for each of variables in this model are given in Table (2).

Table 2: Cronbach alpha coefficients for questionnaire separately based on structures

Variable		Questions in questionnaire	Quantity	Cronbach alpha	Source
Marketing Power (MP)	Lack of substitution	1-8	22	0.859	Auh & Merlo (2012)
	Tackling with uncertainty	9-14		0.592	
	Lack of focus	15-22		0.690	
Market Orientation (MO)	Customer orientation	23-27	15	0.820	Theodosiou et al (2012)
	Competitor orientation	28-37		0.889	
Business Strategy (BS)	Strategy of distinction	38-40	6	0.848	Auh & Merlo (2012)
	Costs leadership strategy	41-43		0.644	
Performance of Business (PB)	-	44-46	3	0.684	Auh & Merlo (2012)
Total questionnaire	-	-	46	0.927	-

6.2. Data analysis

The multivariate hierarchical regression has been employed to examine hypothesis of adjusting role of variable of business strategy in this study and data were analyzed by means of SPSS (v.18) software and the relations among variables and factors were verified and explored by confirmatory factor analysis and technique of structured equations by means of LISREL (8.72) software that is one the most well-known software to implement such models and it has been utilized in order to test hypotheses by

aiming at measurement of synchronous, direct or indirect relations among variables.

7. Comparison of research variables with mean measurement scale

Single sample t-test has been shown with comparing the observed mean value of research variables and theoretical mean of measurement scale that with respect to significance level (>0.05) the mean of all variables significantly differs from theoretical mean value and with respect to mean value of variables, which greater than 3, thus all of variables are significantly higher than mean level.

Table 3: T-test of a sample for research variables

Variable	Comparison of observed values with fixed value 3				Mean difference
	Mean	t-statistic	Degree of freedom	Significance level	
Marketing power	3.3784	9.389	149	0.000	0.37843
Market orientation	3.1480	2.318	149	0.022	0.14800
Business strategy	3.5278	8.350	149	0.000	0.52778
Business performance	3.3289	5.077	149	0.000	0.2889

Then the variables of marketing power and market orientations have been tested by

confirmatory factor analysis method where the extracted results indicate that absolute value of t-

statistic is higher than 1.96 for all of questions and the interpreted value of variance for any variable is reasonable with respect to latent variable therefore the model has reasonable fitness.

8. Main model

Before entering in phase of testing the hypothesis, it necessitates initially to make sure of correction of measurement model. The confirmatory factor analysis has been implemented in analyzing data by structured equations model and by means of LISREL statistical software. Before confirmation of structured relations in analysis on each of models one should be make sure of goodness of fitting and appropriate fitness in measurement model for this purpose the given statistic and other criteria for goodness of fitting should be examined to determine fitness of model. So, a model may be fitted that includes the following optimal modes. The rate of degree of freedom should be smaller than 3 and the lesser, the better; since, this test indicates difference among data and model. It is better for RMSEA

parameter to be closer to 0.05 and smaller than 0.08 (closer to zero) so it shows greater fitness of model and if criteria of model do not propose good fitness then this model should be corrected by means of the related output and then to explore the questions and hypotheses in model by the corrected model.

9. Analysis of measurement models along with t-statistic, standard coefficient, and error value in various factors

The quantity of the proposed equations is the same as number of observed variables in model. Any equation consists of coefficient of the path among the observed variable and the hidden (latent) variable, the observed error value of measurement for variable is determined along with its significance test based on t- characteristic as well as R²- value i.e. determination coefficient or the interpreted variance ratio by the latent variable.

9.1. Marketing Power (PM)

Table 4: The analysis of coefficients and t- value for marketing power index

Items	-	Standard coefficient	t-statistic	Determination coefficient	Error
Lack of substitution	N	0.43	4.57	0.19	0.08
Tackling with uncertainty	CU	0.60	6.43	0.36	0.06
Lack of focus	C	0.65	6.90	0.42	0.06

9.2. Marketing Orientation (MO)

Table 5: The analysis of coefficients and t- value for market orientation index

Items	-	Standard coefficient	t-statistic	Determination coefficient	Error
Customer orientation	CUO	0.90	12.57	0.82	0.06
Competitor orientation	COO	0.86	11.84	0.74	0.06

9.3. Performance of Business (PB)

Table 6: The analysis of coefficients and t- value for performance of business index

Items	Standard coefficient	t- statistic	Determination coefficient	Error
Q-44	0.80	--	0.63	--
Q-45	0.73	8.37	0.53	0.09
Q-46	0.74	8.54	0.55	0.09

All of variables had t-statistic values higher than 1.96 and also their determination coefficient were fitted. Thus none of items is deleted from this model. Therefore we continue this process with all items (questions) and explore the model. Alternately, based on standard coefficients (factorial loads), the parameter with highest factorial load may have greater role in measurement of the given variable and the parameter with the smaller coefficients will

play lesser role in measurement of the given structure.

The existing numbers on these paths indicate t-value for any route. If this value is not significant it is shown in red- color at output of the software. In this analysis, the t-value is 1.96 for both higher paths and thus it is significant.

Fig. 3 shows general model under standard approximation. The comparison between the observed variables as interpreter of the latent variable can be possible only at mode of standard approximation and with respect to standard coefficients this shows that variables of market-orientation (0.45) and market power (0.39) have respectively highest effect on variable of business performance.

10. Confirmation of model

As you observe, the value of degree of freedom is 0.61 and smaller than 3 so this value is fitted. The

low value of this parameter shows the small difference among research conceptual model with the observed data in this study. Likewise, the value of RMSEA is 0.000 and smaller than 0.08. In addition, as the rate of RMSEA index is lesser, the model

possesses better fitness and the parameters of (NFI- NNFI- IFI- CFI- GFI- AGFI) are greater than 0.9 therefore the model shows good fitness and it is confirmed.

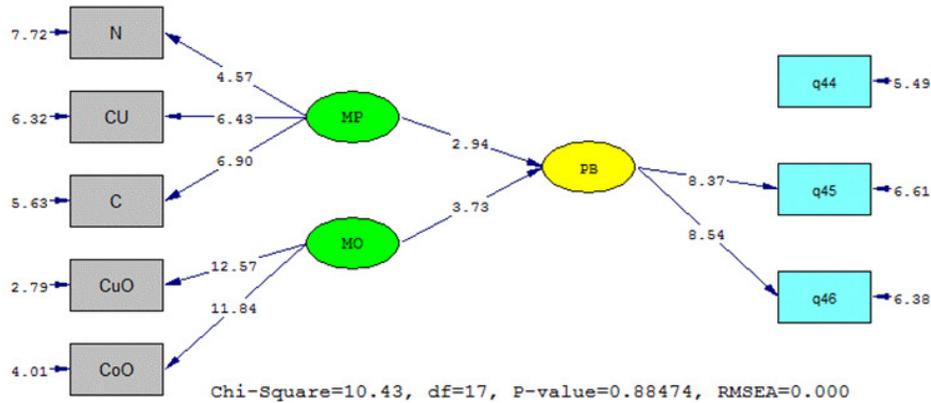


Fig. 2: The model in the status with significance numbers (t-value)

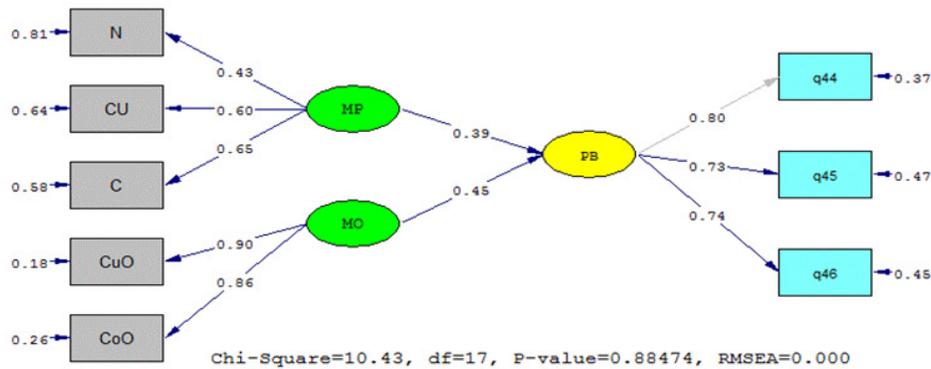


Fig. 3: The model at the mode of standard coefficients

Table 7: Analysis of fitness indices

Indices	Values	Indices	Values
Chi- square	10.43	AGFI	0.96
Degree of freedom	17	NFI	0.98
Chi- square to degree of freedom	0.61	NNFI	1.02
RMSEA	0.000	IFI	1.01
GFI	0.98	CFI	1.00

With respect to Table 7, it is shown that determination coefficient has been estimated 0.57 for variable of business performance and this indicates that the variables of marketing power and

market- orientation together could explain 57% of variance for business performance. With respect to value of standard coefficient and t- statistic it can be implied that the variables of market orientation (0.45) and marketing power (0.39) had respectively the highest effect on variable of business performance (They possessed the highest coefficient in standard route). Now, the effect of each of independent variables is analyzed on dependent variable based on the model by means of t- statistic value and standard coefficient.

Table 8: Summary of standard coefficients, determination coefficients, t-statistic, and result of research hypothesis

Main hypotheses	Standard coefficients	t-statistic	Determination coefficient	Results of research hypothesis
Marketing power → business performance	0.39	2.94	0.57	Approved
Market orientation → Business performance	0.45	3.73		Approved

11. Testing of research hypotheses

After analysis and confirmation of main model, hypotheses of research model have been evaluated and the related hypotheses to any question are tested.

Hypothesis I: Marketing power affects on business performance.

With respect to absolute value of t-statistic is 2.94 and greater than 1.96. Namely, variable of marketing power affects significantly on business performance at confidence level (95%) while the value of this effect is 0.39 and positive (direct).

Hypothesis II: Market orientation affects on business performance.

With respect to absolute value, t-statistic is 3.73 and greater than 1.96. In other words, variable of market orientation affects significantly on business performance at confidence level (95%) while the rate of this effect is 0.45 and positive (direct).

Hypothesis III: The commercial effect adjusts the effect of marketing power on business performance.

To analyze adjusting role of business strategy in relationship among marketing power and business performance, the multivariate regression with hierarchical approach is implemented within three subsequent steps. The multiplication product of marketing power and business strategy enters at third step. If the existing mutual relationship is significant among these two variables the adjusting relationship may result for variable of business strategy.

Table 10: Summary of model for third hypothesis

Model	R	Determination coefficient	Adjusted determination coefficient	Standard error for estimation	Change of determination coefficient	F-change	Change statistics			ANOVA	
							Degree of freedom 1	Degree of freedom 2	Significance level of F-change	F	Significance level
1	0.355	0.126	0.120	0.74415	0.126	21.341	1	148	0.000	21.341	0.000
2	0.620	0.384	0.376	0.62679	0.258	61.614	1	147	0.000	45.848	0.000
3	0.621	0.385	0.372	0.62845	0.001	0.225	1	146	0.636	30.479	0.000

Table 11: Regression coefficients in third hypothesis

Model		Nonstandard coefficients		Standard coefficients	T	Significance level	Collinear statistics	
		B	Standard error	Beta			Tolerance	VIF
1	(Constant)	3.329	0.061	-	54.787	0.000	-	-
	MP_C	0.570	0.123	0.355	4.620	0.000	1.000	1.000
2	(Constant)	3.329	0.051	-	65.047	0.000	-	-
	MP_C	0.345	0.108	0.215	3.197	0.002	0.929	1.076
	BS-C	0.540	0.069	0.527	7.849	0.000	0.929	1.076
3	(Constant)	3.335	0.053	-	62.974	0.000	--	--
	MP_C	0.353	0.110	0.220	3.224	0.002	0.906	1.103
	BS-C	0.541	0.069	0.527	7.834	0.000	0.929	1.076
	MP×BS	-0.062	0.130	-0.031	-0.474	0.636	0.972	1.028

a. dependent variable: business performance

With respect to significance level of test at third step, F-statistic is (0.636) for variance of determination coefficient and value of t-statistic is (-0.474) and significance level is greater than 0.05 because of mutual effect among variables of marketing power and business strategy and since the absolute value of t-statistic is smaller than 1.96 as a result the variable of business strategy (at confidence level 95%) does not adjust the effect of marketing power on business performance.

Hypothesis IV: Business strategy adjusts the effect of market orientation on business performance.

To analyze adjusting role of business strategy in relationship among market orientation and business performance the multivariate regression analysis with hierarchical approach has been utilized within three subsequent steps. The product of multiplication of variable of market orientation and business strategy enters in the model at third step. If the mutual relationship is significant among these

two variables the adjusting relationship can result for variable of business strategy.

12. Conclusion and applied suggestions

According to results of data analysis, the marketing power significantly effects on business performance; namely, with rising of marketing power, the rate of business performance is also increased. Similarly, market orientation significantly effects on business performance and in other words as the rate of market orientation is improved further, the business performance is also increased. Based on the research findings, the business strategy does not adjust the effect of marketing power on market orientation on business performance. It is suggested to national commercial banks to measure periodically this factor and its components as well as market orientation by means of the given scale in order to acquire information about their own status and system and to take it as basis for their own strategic and operational decisions. Survival of any

organization is subjected to taking appropriate competitive strategies. In this course, it is suggested to commercial enterprises after taking and successful implementation of final cost leadership strategy to take strategy of the optimal technique of cost spending at top of their agenda for business at

second step. Similarly with respect to role of marketing capabilities in performance, it is suggested to Sepah Bank to analyze continually its target markets by means of the existing tools.

Table 12: Summary of model for fourth hypothesis

Model	R	Determination coefficient	Adjusted determination coefficient	Standard error for estimation	Change of determination coefficient	F- change	Change statistics			ANOVA	
							Degree of freedom 1	Degree of freedom 2	Significance level of F-change	F	Significance level
1	0.491	0.241	0.236	0.69364	0.241	46.903	1	148	0.000	46.903	0.000
2	0.591	0.350	0.341	0.64416	0.109	24.607	1	147	0.000	39.496	0.000
3	0.591	0.350	0.336	0.64636	0.000	0.002	1	146	0.962	26.153	0.000

Table 13: Regression coefficients in fourth hypothesis

Model		Non standard coefficients		Standard coefficients	T	Significance level	Collinear statistics	
		B	Standard error	Beta			Tolerance	VIF
1	(Constant)	3.329	0.057	-	58.788	0.000	--	--
	MO_C	0.498	0.073	0.491	6.849	0.000	1.000	1.000
2	(Constant)	3.329	0.053	--	63.292	0.000	--	--
	MO_C	0.135	0.099	0.134	1.362	0.175	0.461	2.171
	BS-C	0.498	0.100	0.486	4.961	0.000	0.461	2.171
3	(Constant)	3.327	0.064	--	51.793	0.000	--	--
	MP_C	0.136	0.100	0.134	1.358	0.177	0.459	2.180
	BS-C	0.499	0.102	0.487	4.891	0.000	0.450	2.224
	MO×BS	0.004	0.083	0.003	0.048	0.962	0.912	1.096

a. dependent variable: business performance

With respect to significance level of test at third step, F- statistic is derived (0.962) for variance of determination coefficient and value of t-statistic as (0.048) and since the significance level is greater than 0.05 for mutual effect among variable of market- orientation and business strategy while the absolute value of t-statistic is smaller than 1.96 thus the variable of business strategy (at confidence level 95%) may not adjust the effect of market-orientation on business performance.

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