

## The effect of market orientation on the performance of export companies considering the mediating role of organizational innovation and learning variables (Case study: Export companies of Khuzestan province)

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**Abstract:** This study aimed to investigate the effect of market orientation on the business performance of export companies in Khuzestan province, given the mediator of organizational innovation and learning. The analytical tools in this research were SPSS and LISREL software; and the descriptive and inferential tests were performed on the data using these two tools. It should be noted that structural equation modeling was used to test the hypotheses in this research. Eventually, the results of the research led to confirmation of some hypotheses and rejection of others. It can be stated that this research is purposefully practical as well as it is a descriptive-survey and causal study.

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**Keywords:** Market orientation, organizational innovation, organizational learning, business performance, export companies

### 1. Problem statement

Nowadays, most business environments are characterized by increased competition and environmental disturbances. Most companies have been forced to find ways to deal with this strong truth, or, if possible, eliminate it and shut it down. For that end, managers have attempted to develop some of the competition in their own business segments. Macro-environmental factors, micro-environmental factors, and internal factors of the firm are several factors affecting an organization. Successful managers are those who keep their organization up-to-date.

The mediating role of organizational innovation and learning will be considered in this research. It has been known that this research will be carried out on export companies in Khuzestan province due to better researcher's access, which we will seek to answer the following main questions: "How would market orientation affect organizational performance due to mediating role of organizational innovation and learning in the export companies of Khuzestan province?"

### 2. Literature review

Abbasi et al. (2016) in their research entitled "The effects of market orientation on economic development and performance with respect to the moderating role of strategic planning," have not confirmed the effect of moderating variable of strategic planning methods on the relationship between market orientation and economic performance of Iran Khodro Diesel company due to the results of regression analysis.

Rahimi and Mobin (2015) conducted a research entitled "Investigating the relationship between

organizational learning and organizational performance." The results indicate that there is a positive and significant relationship between organizational learning and all its aspects with organizational performance in the Linear T Distribution Company and Qom Power Station.

Sarmadsaiedi and Jamshidian (2013) in a study entitled "The Impact of internal marketing on market orientation and performance of service organizations" showed that internal marketing could have a positive and significant effect on market orientation and performance of organization.

Mohan and Sang (2015) in their study entitled "Exploring the relationship between the learning organization and organizational performance," indicated that as organizations upgrade their organizational learning levels, they can expect the improvement in their performance and make better performance.

Lin et al. (2014) in a research entitled "Impact of export market orientation on export performance," showed that trust and social interaction positively and significantly influence export market orientation, which then enhance export performance.

Huhtala et al. (2014) in their research entitled "Market orientation, innovation capability, and business performance," concluded that innovation capability plays a significant mediating role in the relationship between market orientation and business performance.

### 3. Variables and research model

#### A) Dependent variable

**Organizational performance:** Organizational performance is an indicator that measures how an

organization or institution achieves its objectives. In this study, this variable will be operationally measured through five items of the questionnaire and based on the five-point Likert scale.

### B) Independent variable

**Market orientation:** Market orientation is the data creation from market across the organization about the current and future needs of customers, the development and transfer of this data and talent throughout the organization and its responsiveness at all levels of the organization. In this study, this variable is operationally measured through 24 items of the questionnaire and based on the five-point Likert scale.

### C) Mediating variables

**Organizational learning:** Organizational learning consists of all methods, mechanisms and

processes that are applied within the organization to realize the learning. In the current research, this variable is operationally measured through 14 items of the questionnaire and based on the five-point Likert scale.

**Organizational innovation:** Organizational innovation is a management system that emphasizes the mission of the organization, looking for exceptional and novel opportunities and identifying the criteria for success. In the present study, this variable will be operationally measured through five items of the questionnaire and based on the five-point Likert scale.

Given the literature review, the following model was considered as the conceptual model of the research. It should be noted that this model is based on the research of Mahmoud et al. (2016):

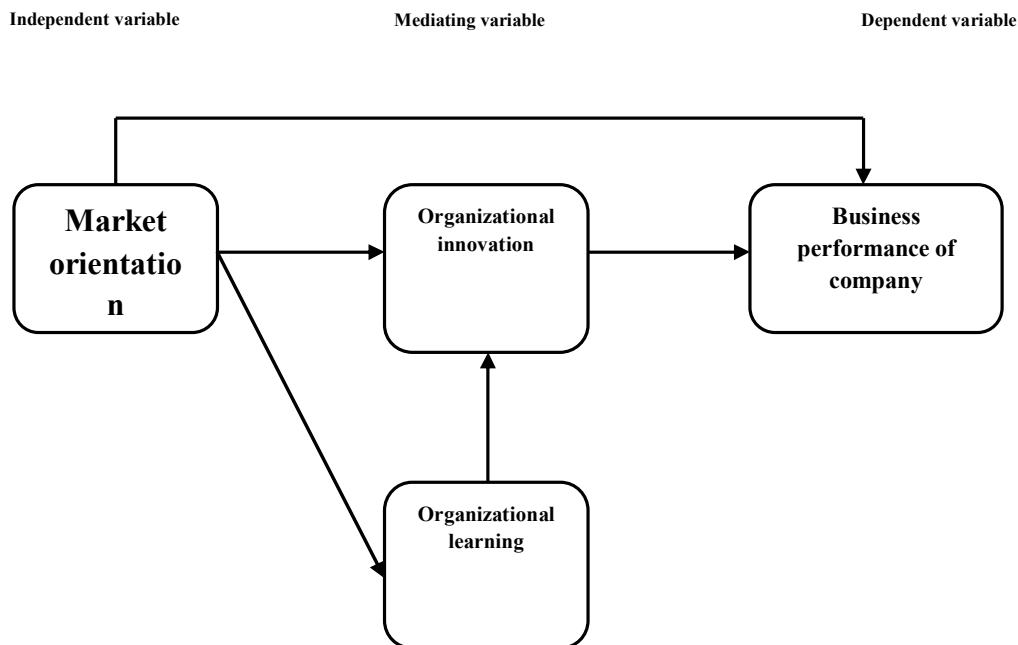


Fig. 1: Conceptual model of research (Mahmoud et al., 2016)

## 4. Research hypotheses

- Market orientation has a positive and significant effect on the performance of export companies in Khuzestan province.
- Market orientation has a positive and significant effect on organizational innovation of export companies in Khuzestan province.
- Market orientation has a positive and significant effect on organizational learning of export companies in Khuzestan province.
- Organizational learning has a positive and significant effect on organizational innovation of export companies in Khuzestan province.

## 5. Research methodology

This research is purposefully a practical study. As well as, it is descriptive-survey in terms of its approach and data collection. Eventually, this research is considered as a causal study in terms of data analysis, since it examines the cause and effect relationship between variables.

### 5.1. Statistical population

In this research, all senior and middle managers of leading export companies in Khuzestan province were considered as the statistical population. According to the statistics, the number of this population is as follows:

**Table 1:** Statistical population of the research by differentiation of various companies

No.	Unit name	The number of senior and middle managers
1	Carbon Iran	38
2	Fanavaran Petrochemical Co.	78
3	Behbahan Cement Co.	43
4	Abadan Carbide and Aluminum Oxide Complex	46
5	Cooperative of Border Dwellers in Khoramshahr	27
6	Saber Talaei Nakhl Co.	15
7	Cooperative of Border Dwellers in Azadegan plain	22
8	Marjan Seafood Production and Processing	31
9	Kutzadeh Trading	14
10	Mousapour Building Materials	13
<b>Total</b>		<b>327</b>

**5.2. Data collection methods and tools**

The main tool used in this study was a standard questionnaire that was derived from Mahmoud et al. (2016). The questionnaire had 48 items and was

designed based on the five-point Likert spectrum. The structure of this questionnaire can be seen in the following table:

**Table 2:** Structure of the research questionnaire

Variable	Relevant items	Reference
Market orientation	1-24	Mahmoud et al. (2016)
Organizational learning	25-38	
Organizational innovation	39-43	
Organizational performance	44-48	

Cronbach’s alpha method was used to assess validity (reliability) of the questionnaires. Given the Cronbach’s alpha of all cases was above 0.7, the

reliability of the dimensions and the whole questionnaire was confirmed, as shown in Table 4:

**Table 4:** The reliability of data collection tools

Variable	Cronbach’s Coefficient Alpha
Market orientation	0.818
Organizational learning	0.751
Organizational innovation	0.816
Organizational performance	0.850
The whole questionnaire	0.85

**5.3. Data analysis tools and method**

Appropriate descriptive statistics and inferential tests with data and variables were used to analyze the data and the research questions using SPSS and Lisrel statistical software.

**6.1. Demographic characteristics of the research sample**

Descriptive statistics on demographic variables of 177 individuals included in the research are presented in the following table and figures:

**6. Results**

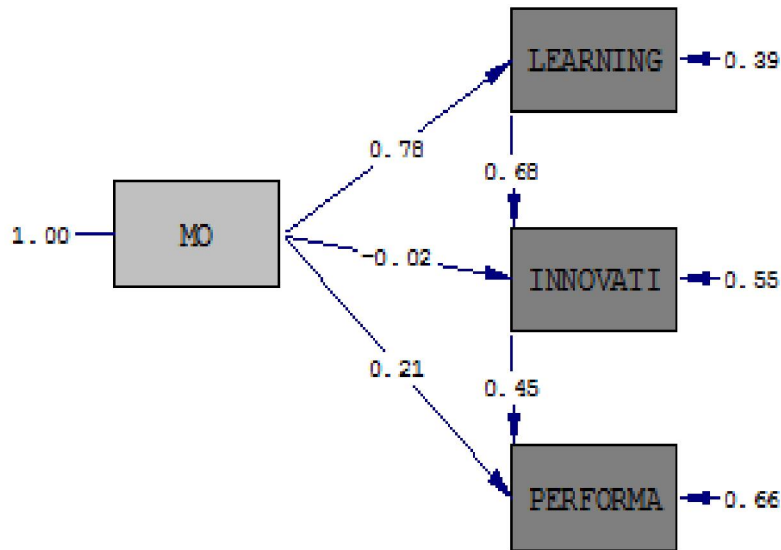
**Table 5:** Demographic characteristics of respondents

		Frequency	Percentage
<b>Gender</b>	Male	105	59%
	Female	72	41%
<b>Age</b>	20-30 years old	67	38%
	31-40 years old	42	24%
	41-50 years old	38	21%
	51-60 years old	17	10%
	> 60 years old	13	7%
<b>Education</b>	Diploma	13	7%
	Associate degree	34	19%
	Bachelor degree	81	42%
	Master degree	42	24%
	Ph.D. degree	7	4%

**6.2. Fitting the conceptual model and testing the hypotheses**

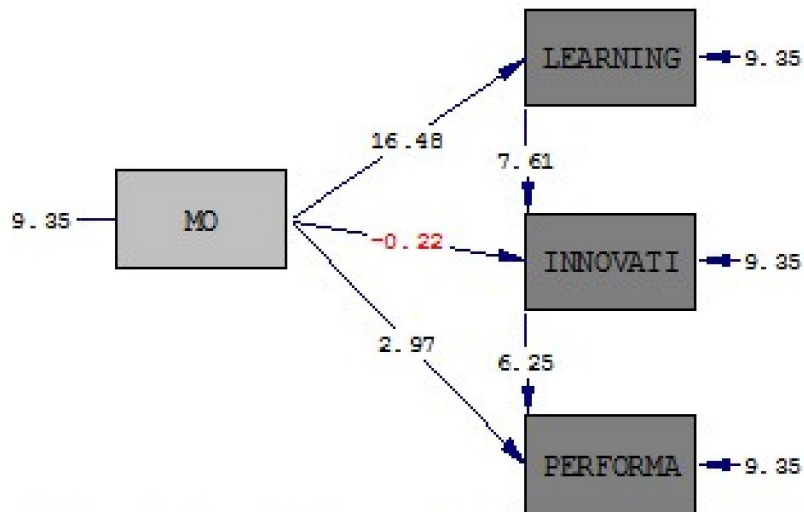
After determining the measurement models in order to evaluate the conceptual model of the research as well as to ensure the existence or non-existence of causal relationship among the research variables and

to study the fitness of the observed data with the conceptual model of the research, the research hypotheses were also tested using the structural equation model. The hypothesis test results are reflected in the following Figure.



Chi-Square=2.07, df=1, P-value=0.00030, RMSEA=0.063

Fig. 2: Measuring the overall model and the results of the hypotheses in the standard mode



Chi-Square=2.07, df=1, P-value=0.00030, RMSEA=0.063

Fig. 3: Measuring the overall model and the results of the hypotheses in a significant mode

**Table 6:** Fitness indicators of conceptual model of research

X2/df	RMSEA	RMR	GFI	CFI	NNFI	IFI
2.07	0.063	0.036	0.91	0.99	0.94	0.95

## 7. Conclusion

According to the first hypothesis of the research, market orientation has a significant effect on the commercial performance of export companies in Khuzestan province. Statistical analysis between these two showed that the significant value of the path between two variables was equal to 2.97. Since this value was greater than 1.96, this hypothesis was confirmed. On the other hand, since the standard coefficient was positive (0.12), this effect was detected to be direct.

The second hypothesis of the research indicates the significant effect of market orientation on organizational innovation of export companies in Khuzestan province. Statistical analysis between these two showed a significant value of path between two variables equal to -0.02, and since this value is not within the permitted range, this hypothesis was not approved.

According to the third hypothesis of the study, market orientation has a significant effect on organizational learning of export companies in Khuzestan province. Statistical analysis between these two showed a significant value between two variables (16.48) and because this value was greater than 1.96, this hypothesis was approved. On the other hand, because the value of standard coefficient was positive (0.78), this effect was clarified to be direct.

The fourth hypothesis of the research indicates that organizational learning has a significant effect on organizational innovation of export companies in Khuzestan province. The statistical analysis between these two items showed a significant value between two variables of 7.61 and since this value is greater than 1.96, this hypothesis was therefore approved. On the other hand, since the standard coefficient was positive (0.68), this effect was detected to be direct.

According to the results of this research, the following suggestions can be presented to the senior managers of export companies in Khuzestan province:

1. According to the affirmation of first hypothesis based on the positive impact of market orientation on the performance of export companies in Khuzestan province, it can be suggested that these companies design mechanisms and workgroups for monitoring customer's changing needs and demands to periodically and regularly evaluate the market and report back to the R & D and marketing sector of the company.

2. As the first hypothesis was confirmed on the positive effect of market orientation on the performance of export companies in Khuzestan province, it is recommended that these companies are active in acquiring information about competitors'

actions, new technologies, social and political changes and even adapting themselves to market movements.

3. Since the first hypothesis was confirmed on the positive effect of market orientation on the performance of export companies in Khuzestan province, it can be suggested that these companies analyze the effects of any operational changes (in product specifications, product diversity, etc.) on customer satisfaction carefully and accordingly, evaluate the success rate of such changes and serve as guides for future affairs.

4. As well as, considering the approval of the first hypothesis about the positive effect of market orientation on the performance of export companies in the province of Khuzestan, it is suggested that these companies establish some groups consisted of various specialists and experts to discuss with each other regarding current market trends and future developments and finally to provide reports from their meeting results for senior managers to improve the company goals and strategies.

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