

Investigating the Effective Factors on Organizational Effectiveness and Marketing Capabilities Growth (Case Study: Food Distribution Subsidiaries of Isfahan)

Ph.D. Ali Shaemi

Assistant Professor, Department of Management, Faculty of Administrative Sciences and Economics, University of Isfahan, Isfahan, Iran

Sepideh Fazel

M.S.C., Business Management, Islamic Azad University, Branch of Mobarakeh, Iran

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Abstract

This study entitled "Investigating the effective factors on organizational effectiveness marketing capabilities growth investigates the effective factors on Viewpoint on managers and experts of food distribution subsidiaries of Isfahan In relation to the potential impact on the effectiveness of marketing. In this study there is two main hypothesis and there are ten lateral hypotheses. This study is an applied research regarding the purpose and is a survey based study with the correlation approach regarding the method of execution. The sample of this study is limited and consists of 410 managers and experts of food distribution subsidiaries of Isfahan. Due to limited size of study's sample, 150 samples were selected using simple random sampling method using Cochran's limited sample size formula. Data collecting tool in this study is a 55 question questionnaire. The validity of this questionnaire were acknowledged by supervisor and advisor professors and management experts. Also, the reliability of this questionnaire were supported by Cronbach's Alpha of 89%. Study questionnaire includes demographic questions and main questions for testing hypotheses. From 173 distributed questionnaires 165 were back (return rate= 98%). In addition, collected data were analysed by statistical tests using AMOS and SPSS software in two levels including descriptive tests: frequency, percent cumulative percentage, mean and standard deviation and perceptive tests: t-test, regression modeling, ANOVA, nonparametric test of Kolmogorov-Smirnov and nonparametric test of Friedman.

Keywords: Environmental Uncertainty, Organizational structure, Business Strategy, Market Information, Product, Price, Promotion, Distribution, Marketing Research, Effectiveness

1. Introduction

During past decades, many studies have been focused on the recognition of relationship between industry environment and companies' capability-seeking efforts. The competition-based capability is one of these approaches. This approach suggests that companies create important competitive advantages, as they learn to cope with potential valuable capabilities.

Indeed, these capabilities create important competitive advantages. This is why that competitive industry environment leads that the companies create innovativeness in their methods for creating higher values for their customers. This requires development of differentiated capabilities. One of these important capabilities is marketing capabilities. Marketing capabilities are defined as integrative designed processes which collect and use collective companies' knowledge, skills, and resources for business-related needs by which the company will be able to create added-value in products and services and satisfy the customers' needs and wants in the competitive environment. Indeed, marketing capabilities pave the ground for consider and satisfy customers' needs through offering marketing services especially marketing mix. Growth of marketing capabilities creates a set of processes by which the companies will be able to achieve their strategic goals. On the other hand, achieving organization's strategic goal results in more improvement and effectiveness in its marketing efforts. The effectiveness of an organization can be measured in comparison to other organizations. It seems that development of an organization's marketing capabilities can be effective in the improvement of market share, growth in sales, and new successful and profitable products. It is the main method by which the organization's effectiveness will be improved in comparison to its competitors. So it can be effective in companies' efforts for achieving competitive advantage (Rezaei et al., 2012: 121).

2. Study theoretical framework (Study Background And Hypotheses)

2-1. Environmental uncertainty

This concept is a critical factor in the human-environment interaction area. Especially, it is focused in the theories of organizational design. Uncertain environment means that the organizational deciders have not sufficient information on the environmental factors and have difficulties in predicting external changes and revolutions. Indeed, complexity and increasingly turbulence of external environments necessitates more demand for information in order to make better decisions. In such conditions, organizations' reaction to environmental changes is an important factor (Rodrigues, 2008).

2-2. Organizational structure

it refers to a set of methods by which the organization divides works to different special functions and coordinates them with each other. Organizational structure is not only coordination mechanism and shows power distribution in the organization. It also influences organizational processes. Organizational structure refers to the pattern of intra-organizational relations, authority, and communications that specifies reporting relations, formational communications paths, responsibilities, and delegations. It is possible to arrange organizational efforts and activities and specify responsibilities and authorities through organizational structure. Organizational structure paves the ground for facilitating and accelerating decision-making process, proper response to the environment, and inter-departmental conflicts. The relationship between main organizational factors and coordination of their efforts and activities are the main functions of organizational structure (Sadeghi and Mohtashami, 2012: 27).

2-3. Business strategy

in the literature of strategy, a second level has been introduced for strategy which focuses on a business strategy. Indeed, this level of strategy has been known as business strategy. Sometimes, it is indicated by many authors as competitive strategy. Business strategy refers to making decision in terms of selecting segments of market in which the company is competing and determining its products position in the market. Ahmador (1987) has presented an interesting definition for business strategy. He believes that it is the business strategy which differentiates strategy from other business plans. The single purpose of strategic planning is to make company able in achieving productivity and salience in comparison to its competitors (Shorini and Salimi, 2011: 67).

2-4. Market information

marketing is attended as start and end points of every production and services efforts. Sound information is the main necessary of decision-making. Indeed, every manager at every organizational hierarchy needs information. This information is necessary in the relation with marketing and its dynamic process. Market information refers to the process of collecting, analyzing, and disseminating market-related information among organizational members. Market information plays a significant role in decreasing decision-making risks. Organizations will be able to understand customers and consumers' needs, wants, and desires through such information. Information processing is another method by which organization responses environmental factors and collects necessary and new market information for producers and consumers. Indeed, it is an inevitable principle. Organizations should strive to make their marketing decisions based on the sound information (Sabori, 2001).

2-5. Marketing capabilities

in the recent studies, marketing capabilities have been considered as process of using organization's knowledge, skills, and resources for creating added-value for products, satisfying competitive demands, and importance of responding market-related needs (Rezaei et al., 2012: 121). In the present study, marketing capabilities include product, price, promotion, distribution, and marketing researches. The components of marketing capabilities have been presented and described in the following section.

2-6. Product and product mix

product refers to the goods, services, ideas, experiences, and other thing which is introduced in the market for attending, purchasing, applying, and consuming it by customers and consumers. It may satisfy main need or desire. As indicated, product can be a physical thing, services, place, organization, or an idea or thought (Moheballi and Farhangi, 2006: 197). Product mix is a combination of products and product lines which is used for satisfying target market needs and achieving its own goals (profitability) (Roosta et al., 2010).

2-7. Price

products pricing is the main component of every commercial plan which influences companies' marketing strategy significantly. Price is a suggestion or experience of market experience which the customers approve its soundness. If it is not accepted, it will be changes. Indeed, price is

the extent of benefit that the customer pays for using benefits of product or experiencing services. Price is the only marketing mix that creates income, while others are cost-consuming (Saeidnia and Baniasad, 2006).

2-8.Promotion

it is considered as one of the marketing mix components by which the company communicates with its customers and consumers. Generally, it includes advertisements, sales promotion, personal selling, and public relations. These mechanisms are used for persuading customers in buying products. From economic perspective, the main purpose of promotion is to shift demand and income function of products. In summary, promotion refers to a set of efforts in terms of informing, persuading, and influencing (Samadi, 2008).

2-9.Distribution

it is considered as one of the marketing mix components that its function is to transmit product from producers to the customers and consumers. In other words, the most important function of distribution management is to deliver products to its customers and consumers in the best place and time. Based on the definition of American Marketing Association (AMA), a distribution channel is structural distribution of departments inside the company and external brokers who do marketing functions of products (Bakhtabi and Golchinfar, 2003).

2-10.Marketing research

it is considered as an important factor in creating intelligence in market-orientation and helps company's efforts in affective exploring and producing in order to satisfy target customers' needs and wants. Marketing research also is considered as a process by which market information is received, analyzed, and disseminated by company. It can be said that marketing research plays an important role in the coordination between organization and its commercial environment. All in all, marketing research includes recognizing, collecting, analyzing, and disseminating market information in a systematic and purposive manner in order to make the best decisions in terms of recognizing, solving, and using market opportunities (MPhil et al., 2005).

2-11.Organizational effectiveness

organizational effectiveness is a method by which organizations evaluate their visions actualization through organizational strategies. In other words, organizational effectiveness can be measured in the frame of extent and degree of goal achievement. Organizational goal should indicate the organization's vision and its short-term and long-term goals. The goals draw the future ideal condition on which organization focuses its efforts and activities. Therefore, effectiveness evaluation and measurement refers to measurement of organization's success in achieving its goals and purposes (Daft, 2007).

3. Study conceptual model

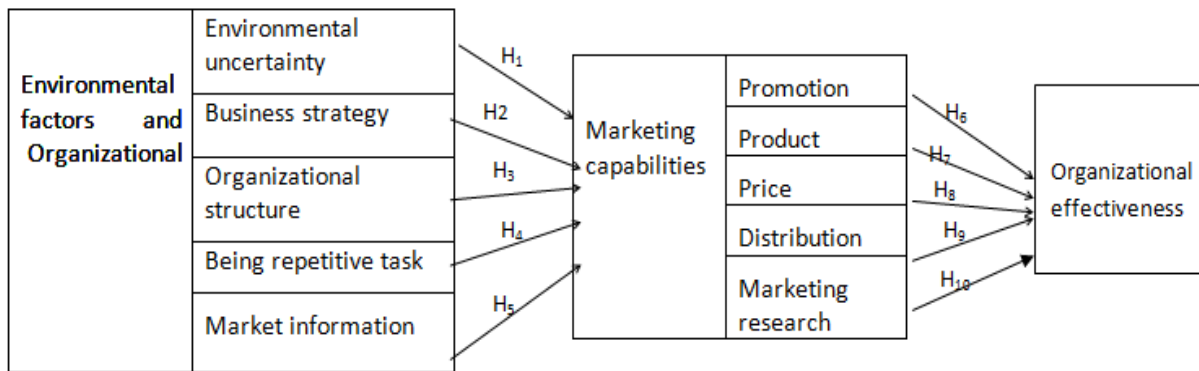


Fig1: The conceptual model of study

4. Hypotheses development

H1: Organizational and environmental factors influence growth of marketing capabilities.

H2: marketing capabilities influence organizational effectiveness.

H3: environmental uncertainty influences growth of marketing capabilities.

H4: Business strategies development influences growth of marketing capabilities.

H5: formal and concentrated organizational structures influence growth of marketing capabilities.

H6: lower levels of repetitive functions influence growth of marketing capabilities.

H7: higher levels of information processing capabilities influence growth of marketing capabilities.

H8: promotion influences growth of marketing capabilities.

H9: product influences growth of marketing capabilities.

H10: pricing influences growth of marketing capabilities.

H11: distribution influences growth of marketing capabilities.

H12: marketing research influences growth of marketing capabilities.

5. Methodology

This study is a descriptive research from methodological view and is a practical one from purpose perspective. Also this study is a correlational research from identity view.

The relationship between research variables will be analyzed based on the research purposes in this study. Also the relationship and its type between independent and dependent variables will be examined in this study. In order to collect the research data, library and field study methods have been followed. This is why that it can be said that this study is a field study based on identity and research methodology. Finally, it should be said that this study is a descriptive-survey study.

6. Statistical population and sample

the statistical population of this study includes 410 managers and experts of food distribution subsidiaries of Isfahan city. Due to limited size of study's sample, 150 samples including males and females were selected using simple random sampling method. For identifying the sample size a primary study with 30 samples carried out. By calculating standard deviation and putting this value in the Cochran's limited sample size formula the appropriate sample size was achieved.

$$n = \frac{N \times Z_{\alpha/2}^2 \sigma^2}{d^2(N-1) + Z_{\alpha/2}^2 \sigma^2} \text{Cochran's limited sample size formula}$$

n: desired sample size, α : level of significance (5%), d: standard error (5%), σ^2 : variance of statistical sample and N size of sample. After estimation of standard deviation primary sample calculated as follows:

(Standard deviation: 0.392, N=410):

$$n = \frac{410 \times (1.96^2) \times (0.392^2)}{(0.05^2)(410 - 1) + (1.96^2) \times (0.392^2)} = 150$$

From 150 distributed questionnaires 148 were back (return rate= 98%).

7. Data-collection method

As mentioned before for collecting required data in order to test the hypotheses and model, this study used a 59 question closed questionnaire. In this questionnaire 5 questions allocated to demographic characteristics such as gender, age, job position, level of education and job duration and there are 55 question designed for measuring study variables. Number of 150 questionnaires were distributed directly between managers and experts of food distribution subsidiaries of Isfahan . Among these questionnaires 148 questionnaires were back and recognized suitable for analysing.

8. Reliability and validity of the questionnaire

Although the questionnaire has been standardized by its developer, but it is better to examine its reliability and validity. This is why that reliability and validity of this questionnaire has been examined and its results have been indicated in the following section.

7-1. Validity of the questionnaire

Validity refers to this fact the data-collection instrument can measure the research variables. The importance of validity is that the insufficient and inappropriate instrument can make the research and its finding unusable and invalid. Validity of every data-collection instrument can be measured and determined by any expert in that field. In order to this, the academic experts and professors were asked to review the questionnaire and indicate their modifications and corrections.

7-2. Reliability of the questionnaire

Also in order to investigating the reliability of questionnaire Cronbach's Alpha coefficient were used. As a result, reliability index by distributing and collecting 30 primary questionnaires was calculated using SPSS and the achieved Cronbach's Alpha coefficient is 0.89. Since the minimum required reliability coefficient for a questionnaire should be 0.70, as a result we can say that study questionnaire has desired reliability. Also, in order to ensure that questionnaire has the required reliability Cronbach's Alpha coefficient were investigated for each of study factors (table 1).

Table 1. Cronbach's Alpha coefficient for investigating questionnaire reliability

Cronbach's Alpha	Number	variable
Environmental uncertainty	1-8	78%
Business strategy	9-15	79%
Organizational structure	16-22	85%
repetitive task	23-28	86%
Market information	29-33	74%
Promotion	34-36	85%
Product	37-39	81%
Price	40-44	80%
Distribution,	45-47	76%
Marketing research	48-50	74%
Organizational effectiveness	51-55	82%
Questionnaire total	89%	

8. Data analysis

8-1. The respondents' demographic characteristics

As indicated in past section, five questions have been developed for describing the respondents' demographic characteristics. As the results of descriptive statistics indicated, 98.6% of the respondents were male and 1.4% of them were female. From age view, 40% of the respondents had 30-39 years old that indicate they are young respondents. About 50% of the respondents had academic educational levels (M.Sc.). Finally, the findings showed that 42% of the respondents had 6-10 years job experiences. These results have been indicated in table 2.

Table 2: the respondents' demographic characteristics

Variable	Levels	%	Variable	Levels	%
Gender	Male	98.6	Educational levels	Less than M.Sc.	37.1
	Female	1.4		M.Sc.	48.6
				M.A.	14.3
Age	>30	31.4	Job experiences	>5	20
	30-40	40		6-10	41.4
	40-49	7.1		11-15	11.4
	<50	21.4		16-20	27.1

8-2. Findings

Before testing hypotheses, mean, standard deviation and variance of study variables should be considered (table 3). Among the variables new product performance has the highest value and the contingency reward appropriate for developing product has the lowest value.

Table 3. Descriptive statistics for study variables

variable	Number	Average	Standard deviation	K-S
Environmental and organizational factors	1-33	3/214	0/361	1/664
Marketing capabilities	34-50	3/355	0/631	1/289
Organizational effectiveness	51-55	3/537	0/981	1/740

9. Measurement model

Generally, two main models are tested in the structural equation models. The first is measurement model for latent variables. This model refers to the factor loadings of observed variables for latent variables. The goodness of fit measures has been indicated in the following table for all of the latent variables. As indicated in table 4, all of the goodness of fit indexes is in acceptable and in desirable range.

Table4. Goodness of fit indices for latent variables measuring models

fit indices	Index	Basic model
	NPAR	20
	DF	1
	P greater than(/0/05)	.087
absolute	CMIN (Chi Square)	2.924
	AGFI (greater than (0/9)	.893
	GFI greater than (0/9)	.995
Comparative or relative	TLI greater than (0/9)	.959
	NFI greater than (0/9)	.996
	CFI greater than (0/9)	.997
thrifty	PNFI greater than(0/5)	.066
	PCFI greater than(0/5)	.066
	RMSEA (smaller than(0/08)	.080
	CMIN/DF smaller than(0/5)	2.924

Table5:Indices of the structural model of environmental and organizational On marketing capabilities

fit indices	Index	Basic model
	P greater than(/0/05)	332/398
absolute	CMIN (Chi Square)	0/052
	CFI greater than (0/9)	0/952
	TLI greater than (0/9)	0/973
Comparative or relative	PNFI greater than(0/5)	0/597
	NFI greater than (0/9)	0/541
	PCFI greater than(0/5)	0/071
thrifty	RMSEA (smaller than(0/08)	3/354
	CMIN/DF smaller than(0/5)	332/398

Table6: Structural model parameters influence on the development of marketing capabilities and organizational effectiveness

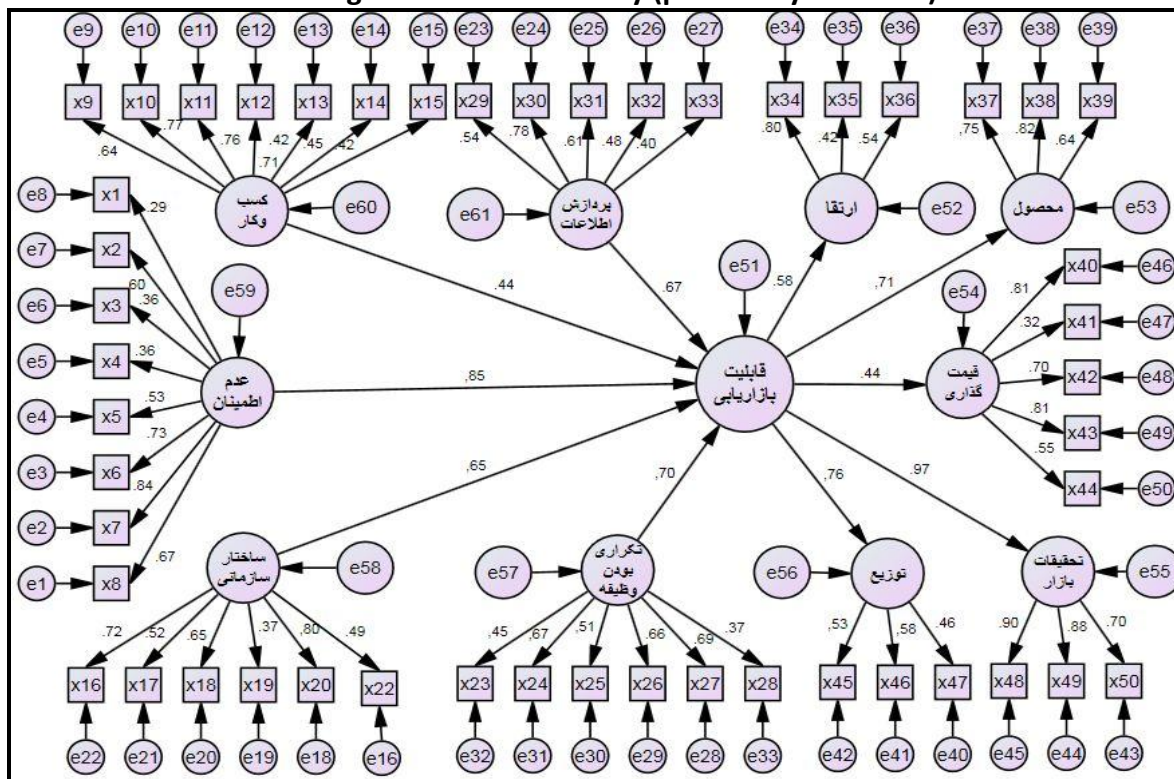
fit indices	Index	Basic model
	P greater than(/0/05)	791/501
absolute	CMIN (Chi Square)	0/058
	CFI greater than (0/9)	0/925
	TLI greater than (0/9)	0/914
Comparative or	PNFI greater than(0/5)	0/597

relative	NFI greater than (0/9)	0/681
	PCFI greater than(0/5)	0/067
thrifty	RMSEA (smaller than(0/08)	2/477

10. Structural model

It is necessary to test the structural model after testing the measurement model. It is possible through structural equation modeling. In order to this, the Amos has been employed. The conceptual model of this study has been showed in figure 2. In order to use Amos, it is should be remembered that γ refers to the effects of external variables on the internal variables and the β refers to the effects of internal variables on each other. In order to examine significance of β and γ , it is necessary to examine t-value of every path. If the t-value is more than 2 and is significant, it can be said that all of the paths are confirmed. Therefore, it can be said that all of the research hypotheses are confirmed and all of the paths are significant.

Fig2: the model of study (path analysis model)



The coefficient of path can be examined through P-value. If the value is less than 0.05, the coefficients are acceptable and vice versa. Therefore, it can be said that all of the research hypotheses are confirmed. The results of examining direct and indirect effects of independent variables on dependent variable have been indicated in table 4.

Table 7. Testing study First main hypotheses

Row	Route	path coefficient	Critical value	P	Results
1	Environmental and organizational factors---> Marketing capabilities	0/69	3/835	***	confirm

Table8. Testing study Subsidiary hypotheses

Row	Route	path coefficient	Critical value	P	Results
1	Environmental uncertainty --->Marketing capabilities	-0/85	2/355	0/019	Confirm
2	Business strategy ---> Marketing capabilities	0/44	4/422	***	Confirm
3	Organizational structure ---> Marketing capabilities	0/65	4/723	0/005	Confirm
4	repetitive task ---> Marketing capabilities	0/70	3/173	0/013	Confirm
5	Market information --->Marketing capabilities	0/67	3/891	***	Confirm

Table 9. Testing study Second main hypotheses

Row	Route	path coefficient	Critical value	P	Results
1	Marketing capabilities ---> Increase organizational effectiveness	0/84	3/393	***	Confirm

Table10. Testing study Subsidiary hypotheses

Row	Route	path coefficient	Critical value	P	Results
1	Promotion ---> Increase organizational effectiveness	0/63	2/044	0/041	Confirm
2	Product ---> Increase organizational effectiveness	0/85	5/256	0/006	Confirm
3	Price ---> Increase organizational effectiveness	0/74	3/305	***	Confirm
4	Distribution ---> Increase organizational effectiveness	0/58	3/934	***	Confirm
5	Marketing research ---> Increase organizational effectiveness	0/70	4/125	***	Confirm

11. Limitations of study

Every author has several limitations in his/her study that some of them exists in beginning of study The most important limitation of this study is poor participation of the respondents for indicating questions. On the other hand, there is an inappropriate culture in this industry and also its managers have sensitivity toward surveys and questionnaires. This is why that many managers do not desire to indicate questionnaires. Another limitation of this study derives from excepted variables that may are resulted from especial plans and methods that are used in the study. Such variables destroy reliability and validity of the study through different methods. It is should be noted that it is not possible to control or eliminate such variables. The authors of this study seek to identify and predict these variables and decrease them. Another limitation of this study is its time interval. Time interval of this study is limited. Is it necessary that time interval of the study is as long as possible to cover the effective factors on the respondents' behaviors. For example, political and economic revolutions can influence the behaviors and decisions of the respondents. Another limitation of this study is its geographical position. In other words, the results of this study cannot be generalized to other cities and industries. Also because statistical population of this study was managers and experts of food distribution subsidiaries , the results cannot be generalized to other industries.

12. empirical suggestions

With regard to the results of first hypothesis, which reveal that environmental uncertainty influences growth of marketing capabilities negatively, it is suggested that managers attempt to decrease environmental uncertainty. In order to this, managers should develop their information range and decide about consumers' needs and wants through information which they collect from customers and consumers. H2: marketing capabilities influence organizational effectiveness. The results of second hypothesis indicate that environmental uncertainty influences growth of marketing capabilities. Based on the results of this hypothesis, it is suggested that managers should attempt to develop appropriate strategies based on products, services, product life cycle so exactly that these strategies motivate employees for achieving organizational goals.

The results of third hypothesis indicate that business strategies development influences growth of marketing capabilities. It is suggested that managers' job description and expectations are described soundly. Also it is suggested that the processes and procedures are developed in the manuals.

The results of fourth hypothesis indicate that formal and concentrated organizational structures influence growth of marketing capabilities. Based on the results of this hypothesis, it is suggested that marketing professionals and experts test different methods of selling and marketing in different situations and conditions.

The results of fifth hypothesis of this study indicate that lower levels of repetitive functions influence growth of marketing capabilities. Based on the results of this hypothesis, it is suggested that a large part of information are provided for marketing professionals and experts for improving their marketing capabilities. In order to this, the managers should develop marketing information systems for in their organization. There are different types of marketing

information systems that the companies can develop an especial type of them based on the company's financial and other conditions.

The results of sixth hypothesis revealed that higher levels of information processing capabilities influence growth of marketing capabilities. Based on the results of this hypothesis, it is suggested that the managers use different encouragement instruments to increase their market share. On the other hand, it can be done for change and improve customers' perception from products attributes.

Based on the results of hypothesis seventh which indicating promotion influences growth of marketing capabilities, it is suggested that the companies increase their products diversity and approach them to the customers' expectations.

As the results of hypothesis eighth hypothesis revealed that product influences growth of marketing capabilities. It is suggested that the managers determine their products price so exactly that they will be able to pass their competitors and also increase their profitability.

The results of ninth hypothesis of this study revealed that pricing influences growth of marketing capabilities. Based on the results of this hypothesis, it is suggested that the managers recognize appropriate distribution channels and then select the best one based on their strengths and weaknesses.

Based on the results of hypothesis tenth which revealed that distribution influences growth of marketing capabilities, it is suggested that the managers communicate consumers, buyers, and marketing managers to collect more and more information, increase their decision making capabilities, decrease their perceived risks, and also satisfy stakeholders' expectations.

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