Development of Marketing Capabilities in Electronic Commerce and Effectiveness to Enhance the Performance of Arvand Petrochemical Company

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Abstract

Present study is an applied research by purpose. This study is a descriptive by method and is a correlational-survey. The statistical population of this research is Arvand Petrochemical Company, which senior managers, middle managers and staff are respondents of the survey. The distribution of the questionnaires was performed based on 220 individuals as the sample size. In this research, a field study (through a questionnaire) is used for data collection. Field research is a non-experimental scientific study whose purpose is to discover relationships and interactions between different variables in real social structures and organizations. In general, any large or small scientific study that follows the relationships in a systemic way, tests the hypotheses and is non-experimental and is performed in real life situations, such as local communities, factories, organizations and institutions, is considered a field study. The main tool in this research is a questionnaire, which is used to measure components (market volatility, competition intensity, decentralization, customer orientation, competitor orientation, tendency to innovation, marketing capabilities, and company performance). Considering the analytical fields presented in this study, it can be concluded that the market volatility variable has a positive and significant effect on the customer orientation by 0.63. The market volatility variable has a positive and significant effect on the tendency to innovation by 0.65 directly. The competition intensity has a positive relationship with the customer orientation. In this research, the competition intensity has a positive and significant effect on the customer orientation by 0.55 directly. The competition intensity has a positive and significant effect on the tendency innovation by 0.34 directly. Decentralization has a positive relationship with the tendency to innovation. In this research, the competition intensity has positive and significant effect on tendency to innovation by 0.27 directly. The customer-orientation variable has a positive and significant effect on the marketing capabilities by 0.70 value. The competitor orientation variable has a positive and significant effect on marketing capabilities by 0.87 directly. The tendency towards innovation variable has a positive and significant effect on the marketing capabilities by 0.33. Marketing capabilities have a positive and significant impact on the firm performance by 0.93. This means that 86% of the changes in the company’s performance are explained by marketing capabilities.

Keywords: market volatility, competition intensity, decentralization, customer orientation, competitor orientation, tendency to innovation and marketing capabilities.
Introduction

In resource-based view, the function of each company depends on the combination of necessary resources and skills for the proper and optimal utilization of these resources. This concept has long been investigated in strategic management texts as distinct capabilities (Selznick, 1957) (Hamidizadeh and Hosseinzadeh Shahri, 2006). Recently, resource-based research focused on the results of resource allocation processes, which often referred organizational capabilities. Research on capabilities indicates that organizations’ ability to expand resources through organizational capabilities is more important than the absolute levels of resources that lead to performance (Verhazes, Morgan and Ottery, 2000).

Dee (1994) defines resources as tangible and intangible factors that the organization uses to achieve its goals and defines capabilities as a complex set of accumulated skills and knowledge, which enables organizations to coordinate their activities and use their assets. Grant (1991) examined the distinction between resources and capabilities. Sources are data in the production process and they are the main units of analysis. The resources of company include capital equipment, personal skills of employees, patents, trademarks, financial process and so on. However, some of these organizational skills is constructive and active. Any productive activity requires coordination of resources for the execution of tasks or activities. While resources are the source of organizational capabilities, capabilities are the main source of competitive advantage.

Grant (1996) defines organizational capabilities as: (a) the organization ability to perform a productive activity repeatedly, directly or indirectly, with the organization capacity to create value through effective input-output transformation. These capabilities have been created through the integration of knowledge and skills of the staff of the organization. Colis (1994) argues that the competitive advantage is rooted in organizational capabilities (a set of complex activities that determine the efficiency of the company in converting data into outputs and are improving continuously). According to Ulrich (1994), a sustainable competitive advantage is the ability to participate in the production of unique products and services that are not easily replicated, and not achieved in the long run with traditional tools. He defines organizational capabilities as the organization capacity to change and adapt to financial, strategic, and technological changes. In resource-based literature, capabilities are defined as management skills and knowledge stored in assets to create competitive advantage. Moller (2006) states that the unique organizational value is based on the set of capabilities and competencies of that organization.

Blois & Ramirez (2006) show that organizational capabilities become unique competencies when they create value for the organization, so that competitors can see that it is impossible or difficult to imitate them. Organizations need a wide range of capabilities to create economic value, sustainable competitive advantage and achieve high profitability (De, 1994).

The capability of the company is defined as the utilization of resources, their combination, and the application of organizational processes in order to achieve the desired goal. They are based on tangible or intangible information and processes that are specific to an organization and are created over time through complex interactions between the organization's resources. Capabilities are usually found in functional areas such as brand management in marketing or a combination of physical, human, and technology resources at the company level. As a result, companies may create such capabilities in services with high reliability, duplication or product innovation, product flexibility, market response, and product development cycles (Prim & Butler, 2001).

Although companies can buy resources, their capabilities are gradually being developed through learning. It is possible to transfer resources, but capabilities are only achieved through learning and experience. In addition, the capabilities need various resources and allow for the optimal use of resources. Capabilities are important when they are placed in a unique combination and create the core competencies that have strategic value and lead to competitive advantage. When capabilities are successful in the environment with critical factors, they become pivotal competencies (Barney, 2001). Various investigations reveal a flow through which theoretical explanations can be given on how some companies overcome the inefficiencies of their resources by making available resources better than competitors. One example is when small firms create innovative products that provide more value for their customers than products provided by larger competitors (Verhazes et al, 2009). In this regard, the role of marketing capabilities and its formative factors, as one of the sources of sustainable competitive advantage, is very influential and determinative (Akdeniz et al., 2010).
1.1 Electronic Commerce

Electronic Commerce (E-commerce) involves the process of purchasing, selling, transferring or exchanging goods, services and information through computer networks and the Internet (Anktad, 2002).

E-commerce involves all activities of an enterprise or individuals to conduct transactions in a manner that takes all or part of these activities through computer networks. The concept of e-commerce involves direct trading and transferring paperless business information from computers through telecommunication lines.

E-commerce that has transformed our working today, results from creative convergence of computers and telephones. Today, more than 600 million phones are connected at the same time. E-mail has become one of the most commonly used tools for business and information through the search of web sites forms part of our lives. This is practically influenced by the creative convergence of telephone and computer through the Internet. The history of e-commerce in its present form was originated in two phenomena, the Internet and the exchange of electronic data. The origin of both phenomena dates back to the 1960s.

In the 1970s, the emergence of the electronic transfer of financial resources between banks, which was carried out through secure private networks, transformed the financial markets fundamentally. The unexpected breakthrough in the Internet began when the email was first used in 1972 with the development of new technologies, which was limited to a new version of the protocol for transferring data to TCP/IP. In the early 1980s, e-commerce data and e-mail were widely used among businesses. Message transmission technology has penetrated gradually to all of the business processes of companies through the reduction of paper consumption in commercial processes and increasing automation, and over time, it improved the efficiency of these processes as one of the essential parts of commerce. The exchange of electronic information provided the electronic transfer of business documents to companies so that the need for human intervention in this process was minimized (Arora, 2003). The advent of the Internet has made it possible to undertake new forms of e-commerce such as online services. The use and development of the Internet began with the advent of the World Wide Web. The Internet has made e-commerce to become one of the means of grants for businesses, and after a while it could cover a wide variety of business activities (Nahavandian 82:27).

In the context of sustainable development of countries, attention to the growth of organizations is one of the policies of all managers. Arvand Petrochemical Company tries to use this approach. Petrochemicals are one of the most important industries in the world. Nowadays, petrochemicals are considered as one of the economic drivers of each country. There are several components in the petrochemical industry that affect the progress of countries. This has led to a tight competition between them. The concept of performance is defined by efficiency and effectiveness, and they can be considered as two important dimensions of performance. That is, internal causes (efficiency) and external causes (effectiveness) should be considered for specific parts of the performance. Hence, performance is a function of the efficiency and effectiveness of activities. Petrochemical industries need to use Leading indicators to achieve better performance. Lagging indicators only state historical events, while leading indicators provide conditions for the performance development (Abasgholy Pour, 2010). The success or failure of the petrochemicals cannot be conceived as far from the performance of managers. An industry can be successful when there are qualified executives, diverse tools, and facilities and potentials for the success of industry. The factors that lead to the success of the industry are the use of information technology, marketing, and customer orientation in its true sense and to avoid the apparent expression of these slogans. Petrochemical industry managers should be able to identify new market opportunities, and in order to achieve this end, experts and specialist professionals should be incorporated in this industry. Industries can have a permanent relationship with customers and the market, and make changes to society by well-qualified managers and well-educated human resources (Abbsgholy Pour, 2010). In the last two decades, market orientation has been the main source of marketing literature. (Smirnova et al., 2011). Capabilities are usually provided as an element that brings both institutional assets and beneficial asset deployments. In addition, capabilities affect organizational issues and actions that are not tradable or imitated. With regard to marketing literature, market-oriented facilities lead to efficient use of market-based assets. These are usually associated with marketing tasks and include elements of individual marketing mixes as well as marketing processes. Therefore, marketing capability can be considered as an organizational competence that supports the measurement of the market and customer orientation (Zhou & Zhou,
Sung regards marketing capabilities as an important source to increase competitive advantage (Sung et al., 2008). Market volatility refers to changes in the amount of customer combination and their preferences, and is a major contributor to the volatile and unpredictable external environment. Business units which are operating in a volatile marketplace are confronted by rapid changes in customer needs, preferences, and unpredictable requirements and expectations. As a result, due to the evolving needs and expectations of customers, they need a customer base, and the central market place in petrochemical companies is important in order to track changes in the customer environment and manage uncertainty in demand (Theodosio et al., 2012). Customer orientation means to understand the demands of customers and create a continuous superior value for them. Value is possible for customers through the increase in expected benefits and cost reductions. Competitor orientation focuses on in-depth assessments of the selected competitors. In this type of strategic orientation, the business unit focuses on the competitor's goals, strategies, activities, suggestions, resources and capabilities, as well as the dissemination of information gained from this evaluation (Theodosio et al., 2012). Decentralization refers to the extent the decision-making power delegation in organization and the participation of the organization in decision-making by members of the organization. (Theodosio et al., 2012, p. 1062). It is necessary to delegate the decision making authority to managers and staff at the lower levels of the organization, that is, those who are in direct contact with the customer, according to predefined criteria. Power delegation will increase decentralization. Decentralization improvement in the organization, especially geographically dispersed organizations and their core services in different areas and markets, will increase the speed of service provision and, as a result, increase customer satisfaction. (Sharifzad & Nouri, 2004). The competition intensity refers to the ability and willingness of competitors to change the marketing decisions processes in order to gain competitive advantage. Competition has led financial services companies to consider their market share and preservation in their priorities. (Keivan Shokouhi & Daraei, 2010). In growing competition situation, customers have plenty of options and can use a wide range of competitors. Therefore, the market share of Arvand Petrochemical Company is at increased risk to lose its customers. Therefore, in order to maintain competitive ability and increase performance, the company will be able to create and provide superior value to customers through competition intensity. This requires a systematic process of acquiring, analysis, and dissemination of information that involves the explicit and hidden needs of customers (Theodosio et al., 2012). The trend toward innovation is an approach that promotes new ideas, and reflects the desire of the Arvand Petrochemical Company to change through the adoption and implementation of new technologies, resources, skills, and administrative systems. However, a widespread definition of innovation not only includes product or service innovation, but also innovation in service delivery processes and technology and administrative processes that can help to reduce costs and operational efficiency significantly. Innovation offers significant benefits, such as maintaining or increasing market share compared to competitors. The exploitation of these opportunities is particularly important in turbulent markets. Arvand Petrochemicals can enhance competitive advantage through the adoption of innovative behavior. Innovative industries gain better performance than competitors through the modification of existing services or introducing new services to the market, which offers superior customer benefits. (Olavarrieta & Friedman, 2008). Therefore, this study examines the impact of marketing capabilities on the performance of Arvand Petrochemical Company with an emphasis on competitive dynamics.

However, one of the most vague and unclear aspects is the answer to the question: does a market-oriented position lead to competitive advantage and better performance for a company? Despite the intense competition that dominates the world's economy today, provision of more services to customers is no longer an added value, but it is an indispensable process. The goal of all manufacturing companies, including manufacturing industries, is to provide the right service and customer satisfaction. Today, we live in a highly competitive world, and this requires that Arvand Petrochemical Company provide modern and diverse products in line with increasing economic power and positive performance for customers.

Figure 1- shows the general view of the assumed dependencies in this research, which includes the relationships between environmental factors (market volatility, competition intensity), structural elements of organizations (decentralization), strategic goals (customer orientation, competitor orientation, and innovation), marketing capabilities and company performance. The conceptual framework of this research is based on the research flow emerging in strategic marketing and management, which illustrates the complementary direction of the market through various strategic
goals and better performance. In addition, the essential role of marketing capabilities is considered as an effective mechanism that facilitates the link between strategic goals and performance.

![Conceptual model of research (Theodosiou et al, 2012)](image)

**Figure 1. Conceptual model of research (Theodosiou et al, 2012)**

**Method**

Present study is an applied research by purpose. This study is a descriptive by method and is a correlational-survey. The statistical population of this research is Arvand Petrochemical Company, which senior managers, middle managers and staff are respondents of the survey.

Arvand Petrochemical Company was established in the direction of industrial development as well as to provide of raw materials for chemical and downstream industries in domestic and export markets. The company includes Salt Washing, Chloride Alkaline (CA), Ethylene Dichloride and Vinyl Chloride Monomeric (EDC / VCM), PVC Suspension and Emulsion (SPVC / EPVC) and lateral Services (CF) units including the ASU, in an area of 108 hectares located on the site 3 of special economic zones of Bandar Imam in Iran. The detailed engineering contract was signed and the purchase of the Arvand Petrochemical Complex was completed in 2003 by a consortium consisting of the German company UHDE and the Sazeh Consulting Engineers Company. Train 1 of the alkali chlorine factory and the direct chlorination unit was launched out in 2010, and in the following year, other units including (2) Alkyl chloride train, oxy chlorination, monomeric chloride and polymeric units (S & E) were launched without the presence of foreign experts and based on the technical knowledge of the specialist staff of the complex. Arvand Petrochemical Company is one of the largest producers of PVC chain in the Middle East. The highest production capacity in the country, the exclusive producer of EPVC grades, and the ability to produce grades of SPVC, including Medical Grades, are special characteristics of this complex.

In the present study, the sample size is obtained using the limited statistical society formula and the questionnaires are distributed among them by simple random sampling.

\[
N \times Z_{\alpha/2}^2 \times s^2 \\
\epsilon^2(N - 1) + Z_{\alpha/2}^2 \times s^2
\]

\[
n = \frac{420 \times (1.96)^2 \times 0.55^2}{(0.05)^2(420 - 1) + (1.96)^2(0.55)^2} = 220
\]

In this equation, N is the society size, Z is the standard normal probability, the error level, s2 is the sample variance (s), and the intended accuracy of the researcher. The distribution of the questionnaires was performed based on 220 individuals as the sample size. In this research, a field study (through a questionnaire) is used for data collection. Field research is a non-experimental scientific study whose purpose is to discover relationships and interactions between different variables in real social structures and organizations. In general, any large or small scientific study that follows the relationships in a systematic way, tests the hypotheses and is non-experimental and is performed in real
life situations, such as local communities, factories, organizations and institutions, is considered a field study.

The main tool in this research is a questionnaire that is used to measure components (market volatility, competition intensity, decentralization, customer orientation, competitor orientation, tendency to innovation, marketing capabilities, and company performance).

The standard questionnaire that was provided by Marios Theodosiou, John Kehagias Evangelia Katsikea, (2012) is used to measure the above components. In this questionnaire, market volatility consists 3 questions, competition intensity consists 2 questions, decentralization contains 4 questions, customer orientation has 4 questions, the main competitor has 10 questions, the tendency to innovation consists 4 questions, marketing capabilities include 7 questions and the company's performance has 4 questions.

The questionnaire used in this research has been used previously by researchers, so there are reports of their reliability. One of the designers of this scale, (Theodosiou, Kehagias, Katsikea), calculated the reliability coefficient of all components, which for the market volatility component ($\alpha = 0.75$), competition intensity ($\alpha = 0.70$), decentralization ($\alpha = 0.78$), customer orientation ($\alpha = 0.84$), competitor orientation ($\alpha = 0.92$), tendency to innovation ($\alpha = 0.88$), marketing capabilities ($\alpha = 0.91$), company performance ($\alpha = 0.86$), above values were obtained. Since the coefficients of reliability in most cases are higher than 0.7, it can be concluded that the questionnaire has the necessary research validation.

In addition, in the present study, Cronbach’s alpha was calculated for the entire questionnaire as 0.86. Therefore, since this value is higher than 0.7, so the research questionnaire has a good reliability. The Cronbach alpha tables are shown in the appendix.

Structural Equation Method was used with Liserl 2/8 software to analyze the research hypotheses. This method allows for testing the validity of the research hypotheses and indicate the significance of the obtained coefficients. The results of inferential methods based on the causal model of research are presented in this section, so that first the initial model research is presented and then the hypothesis of the research is examined.

Findings

In this section, the causal model is investigated to test the hypotheses of the research. According to structural equation modeling, the research model is fitted with Liserl 2/8 software and the results are presented in the following sections. In this model, the relations between variables are only considered and the path coefficients for the relationships are obtained.
Figure 2. Standard research model

Chi-Square=1241.38, d.f=689, P-value=0.00000, RMSR=0.061
According to Figure 3, t statistics are shown for independent and dependent variables. If the calculated t-value is greater than 1.96 and smaller than 1.96, it indicates the existence of a relationship. And if it is placed in the interval [-1.96, 1.96] it indicates the absence of a relationship.

According to the research model test, the fitting indexes of the model were extracted and presented according to Table 1:
Table 1. Model fitness indexes

<table>
<thead>
<tr>
<th>Fit Index</th>
<th>CFI</th>
<th>NFI</th>
<th>AGFI</th>
<th>GFI</th>
<th>RMSEA</th>
<th>$\chi^2/df$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable range</td>
<td>$&gt; 0.9$</td>
<td>$&gt; 0.9$</td>
<td>$&gt; 0.9$</td>
<td>$&gt; 0.9$</td>
<td>$&lt; 0.1$</td>
<td>$&lt; 3$</td>
</tr>
<tr>
<td>Result</td>
<td>0/95</td>
<td>0/94</td>
<td>0/93</td>
<td>0/95</td>
<td>0/98</td>
<td>0/061</td>
</tr>
</tbody>
</table>

The results of the estimation in the Lisrel report indicate that fitness indicators are appropriate. Model fitness indexes are presented in Table 2. According to the obtained results and their comparison with the acceptable range, it can be admitted that all the model’s fitness indices are in an acceptable range and therefore the model is confirmed.

The results of testing the research hypotheses based on the structural equation model are shown in Table 2.

Table 2. Test results of research hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Test results</th>
<th>T statistic</th>
<th>Standard coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 1-1) Market volatility has a significant relationship with customer orientation.</td>
<td>Accepted</td>
<td>-2/22</td>
<td>0/63</td>
</tr>
<tr>
<td>H 1-2) Market volatility has a significant relationship with competitor orientation</td>
<td>Rejected</td>
<td>0/84</td>
<td>0/83</td>
</tr>
<tr>
<td>H 1-3) Market volatility has a significant relationship with a tendency to innovation.</td>
<td>Accepted</td>
<td>2/43</td>
<td>0/65</td>
</tr>
<tr>
<td>H 2-1) The competition intensity has a significant relationship with customer-orientation.</td>
<td>Accepted</td>
<td>2/45</td>
<td>0/55</td>
</tr>
<tr>
<td>H 2-2) The competition intensity has a significant relationship with the competitor orientation</td>
<td>Rejected</td>
<td>1/91</td>
<td>0/79</td>
</tr>
<tr>
<td>H 2-3) The competition intensity has a significant relationship with the tendency to innovation.</td>
<td>Accepted</td>
<td>2/12</td>
<td>0/34</td>
</tr>
<tr>
<td>H3-1) Decentralization has a significant relationship with customer orientation</td>
<td>Rejected</td>
<td>1/96</td>
<td>0/43</td>
</tr>
<tr>
<td>H 3-2) Decentralization has a significant relationship with the competitor orientation.</td>
<td>Rejected</td>
<td>1/51</td>
<td>0/33</td>
</tr>
<tr>
<td>H 3-3) Decentralization has a significant relationship with tendency to innovation.</td>
<td>Accepted</td>
<td>2/09</td>
<td>0/27</td>
</tr>
<tr>
<td>H 4) Customer orientation has a significant relationship with marketing capabilities.</td>
<td>Accepted</td>
<td>3/54</td>
<td>0/70</td>
</tr>
<tr>
<td>H 5) Competitor orientation has a significant relationship with marketing capabilities.</td>
<td>Accepted</td>
<td>4/31</td>
<td>0/87</td>
</tr>
<tr>
<td>H 6) The tendency to innovation has a significant relationship with marketing capabilities.</td>
<td>Accepted</td>
<td>2/41</td>
<td>0/32</td>
</tr>
<tr>
<td>H 7) The marketing capabilities have a significant relationship with the company.</td>
<td>Accepted</td>
<td>5/25</td>
<td>0/93</td>
</tr>
</tbody>
</table>

Discussion and conclusions

4.1 Results of Descriptive Statistics

According to the description and analysis of collected data, we can say:

The average score of market volatility is 3.5887 with a standard deviation of 5745.0 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for market volatility is 2 and the highest score is 5. In addition, according to the descriptive statistics of each market volatility structures in Appendix 2, it is
observed that the preferences of customers to the product / service has the lowest average score and the search for new services by customers has the highest average score.

The average score for decentralization is 3.125 with a standard deviation of 7.141, and the average value is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for decentralization is 1.75 and the maximum score is 5. According to the results of descriptive statistics, the independence managers is in middle low level and the decision-making structure has the lowest average score at the company level.

The average score for customer orientation is 3.5363 with a standard deviation of 0.5988 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for customer orientation is 1.6 and the maximum score is 5. According to the descriptive statistics, customer satisfaction measure has the lowest average score.

The average score for competitor orientation is 3.7345 with a standard deviation of 0.4924 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for competitor orientation is 1.8 and the maximum score is 4.90. According to the descriptive statistics, a quick response to competitors’ activities has the lowest average score.

The average score for tendency to innovation is 3.7636 with a standard deviation of 0.6292 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for tendency to innovation is 1.75 and the maximum score is 5. According to the descriptive statistics, innovation in project management has the lowest average score.

The average score for competition intensity is 3.7114 with a standard deviation of 0.7180 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for competition intensity is 1.5 and the maximum score is 5. According to the descriptive statistics, new competitive move has the lowest average score.

The average score for marketing capabilities is 3.8117 with a standard deviation of 0.4818 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for marketing capabilities is 2.29 and the maximum score is 5. According to the descriptive statistics, the flexibility of the advertising budget has the lowest average score.

The average score for company performance is 3.8864 with a standard deviation of 0.6097 and the average is more than the expected average (3). Therefore, the measured variable is appropriate from respondents’ perspective. Moreover, the lowest score for marketing capabilities is 1.75 and the maximum score is 5. According to the descriptive statistics, understanding customer needs and market share have the lowest average scores.

4.2 Inferential statistics

According to the results of the structural equation model, we can conclude that:

The analytical areas in this study indicated that market volatility has a positive relationship with customer orientation. In this research, the market volatility variable has a positive and significant effect on the customer orientation by 0.63 directly. It means that about 40% of customer orientation changes can be explained by market volatility. Empirical research also confirms this point, so that in a Marios Theodosiou, John Kehagias, Evangelia Katsikea study (2012), it was also confirmed that there is a positive and significant correlation between market volatility and customer orientation.

The analytical areas in this study indicated that market volatility doesn’t have a positive relationship with competitor orientation. However, in a Katsikea et al. study (2012), the results showed a positive and significant relationship between market volatility and competitor orientation.

The analytical areas in this study indicated that market volatility has a positive relationship with tendency to innovation. In this research, the market volatility variable has a positive and significant effect on the customer orientation by 0.65 directly. It means that about 42% of tendency to innovation changes can be explained by market volatility. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between market volatility and tendency to innovation.
The analytical areas in this study indicated that market volatility has a positive relationship with tendency to innovation. In this research, the market volatility variable has a positive and significant effect on the customer orientation by 0.65 directly. It means that about 42% of tendency to innovation changes can be explained by market volatility. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between market volatility and tendency to innovation.

The analytical areas in this study indicated that competition intensity has a positive relationship with customer orientation. In this research, the competition intensity variable has a positive and significant effect on the customer orientation by 0.55 directly. It means that about 30% of customer orientation changes can be explained by competition intensity. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between competition intensity and customer orientation.

The analytical areas in this study indicated that competition intensity doesn’t have a positive relationship with competitor orientation. However, in a Katsikea et al. study (2012), the results showed a positive and significant relationship between competition intensity and competitor orientation.

The analytical areas in this study indicated that decentralization doesn’t have a positive relationship with competitor orientation. However, in a Katsikea et al. study (2012), the results showed a positive and significant relationship between decentralization and competitor orientation.

The analytical areas in this study indicated that decentralization has a positive relationship with tendency to innovation. In this research, the market volatility variable has a positive and significant effect on the customer orientation by 0.34 directly. It means that about 11% of tendency to innovation changes can be explained by competition intensity. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between competition intensity and tendency to innovation.

The analytical areas in this study indicated that decentralization has a positive relationship with marketing capabilities. In this research, the customer orientation variable has a positive and significant effect on the by marketing capabilities 0.7 directly. It means that about 49% of customer orientation changes can be explained by marketing capabilities. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between marketing capabilities and customer orientation.

The analytical areas in this study indicated that competitor orientation has a positive relationship with marketing capabilities. In this research, the competitor orientation variable has a positive and significant effect on the by marketing capabilities 0.87 directly. It means that about 75% of marketing capabilities changes can be explained by competitor orientation. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between marketing capabilities and competitor orientation.

The analytical areas in this study indicated that tendency to innovation has a positive relationship with marketing capabilities. In this research, the tendency to innovation variable has a positive and significant effect on the by marketing capabilities 0.32 directly. It means that about 10% of marketing capabilities changes can be explained by tendency to innovation. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between marketing capabilities and company performance.

The analytical areas in this study indicated that marketing capabilities has a positive relationship with company performance. In this research, the marketing capabilities variable has a positive and significant effect on the by company performance 0.93 directly. It means that about 86% of company performance changes can be explained by marketing capabilities. Empirical research also confirms this point, so that in a Katsikea et al study (2012), it was also confirmed that there is a positive and significant correlation between marketing capabilities and company performance.

4.3 Research Suggestions
According to the results of the data analysis, the recommendations of this research are presented in two sections.

4.3.1 Suggestions Based on Research Findings

According to the literature of the research and the findings of this research, some suggestions are presented below:

An investigation of the causal model of research indicates that there is a positive correlation between market volatility and customer orientation. The component of customer preferences to services has the lowest score. Arvand Petrochemical Company can increase customers' preferences to services by following ways:

**Technological factors:** These factors facilitate the activities to transfer and provide services. In addition to the facilities, we should look at the intangible facilities.

**Financial facilities:** These factors have financial impact on customers. Among them are variables such as earnings, short-term, medium-term and long-term deposits, low interest rates on loans, fees, facilities payment with proper conditions, profit payment to the remaining money, and loan repayment schedules.

**Behavioral and attitudinal factors:** Among these factors, one can notice the customer's personality, how to talk and deal with customer, literacy, employee humility and the attitude of the individual towards the company. Moreover, the attitude of people about the company's name and reputation and the guidance provided by the staff of Arvand Petrochemical Company, are in this category.

**Physical factors:** These factors are factors that have an indirect impact on the formation of services. Such as appearance, interior view, number of branches, opening hours, location suitability.

An investigation of the causal model of research indicates that there is a positive correlation between market volatility and tendency to innovation. The component of customer preferences to services has the lowest score. Arvand Petrochemical Company can increase customers' preferences to services by above ways.

An investigation of the causal model of research indicates that there is a positive correlation between competition intensity and customer orientation. A new competitive move has the lowest average score. Companies can compete using tactics such as price competition, advertising campaigns, and the introduction of new services or increased service levels. They also have to provide distinct services. Distinction in the competition field creates impermeable layers against competitive tools. It is a distinction that gives rise to preference and attachment.

An investigation of the causal model of research indicates that there is a positive correlation between competition intensity and tendency to innovation. A new competitive move has the lowest average score.

An investigation of the causal model of research indicates that there is a positive correlation between decentralization and tendency to innovation. The decision-making at the company level (decentralized decision) has the lowest average score. Therefore, senior management of the company should increase decentralized decision making to increase the level of admission of individuals.

An investigation of the causal model of research indicates that there is a positive correlation between customer orientation and marketing capabilities. The customer satisfaction component has the lowest average score. Customer satisfaction is a key factor in determining the success of the organization in relation to customers. Companies can measure their customer satisfaction in a large number of ways. The methods of measuring customer satisfaction can be divided into two categories:

**Objective methods:** Measures that measure customer satisfaction indirectly through indicators that correlate with customer satisfaction reliably. Of course, the accuracy of these models is uncertain.

**Theoretical Methods:** This method measures their satisfaction by evaluating customer opinions directly. The validation of these methods is far more than objective methods.

An investigation of the causal model of research indicates that there is a positive correlation between competitor orientation and marketing capabilities. The response component to competitors threatening activities has the lowest average score. Thus, industries must have a different power of confrontation with competitors' activities such as:

A prominent, distinctive and unique presence in the field of dedicated petrochemical industries and investments, taking into account the existing capabilities of competitors and the market vacuum, through the use of the mechanism for the establishment of effective and appropriate institutions and the creation of a specialized financial institution, attempts to attract part of foreign capital through the transformation of the threat posed by global and regional economic and investment opportunities.
8. An investigation of the causal model of research indicates that there is a positive correlation between tendency to innovation and marketing capabilities. The component of innovation in the programs has the lowest average score. Innovations in Arvand Petrochemical Company are introduced in different dimensions: 1 - Innovation in structure 2 - Innovation in services 3 - Innovation in the attitude.

**Innovation in the structure:** During the process of innovation, the roles and responsibilities of the organization's members change, and the organization achieves a flexible structure that is necessary for change and flexibility.

**Innovation in services:** a new idea or service at Arvand Petrochemical Company can take place suddenly or in a time interval. But the most important point is the degree of adaptation of the idea or service to the existing technology and considering the extent of future service development, so that the service life is increased by the needs of the customers.

**Innovation in the attitude:** We need to start innovation from ourselves before introducing a new idea or service. Moreover, Arvand Petrochemical Company can introduce innovation in their programs through understanding the concept of the idea; evaluation and introduction of new ideas; research and development; commercialization of ideas.

An investigation of the causal model of research indicates that there is a positive correlation between company performance and marketing capabilities. The component of high public relations (communication) has the lowest average score. Arvand Petrochemical Company can increase its public relations in a variety of ways in order to convey important messages to its customers, such as:

- The company must have an audience-focused and focused audience.
- Investigate and understand the needs of customers.
- Understand the features and characteristics of the audience.
- Continuous research to update information and decisions.
- Continuous increase of communication channels with audiences.

**References**


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