

# Examining the Effect of Market Orientation on Organizational Performance in Terms of the Role of a Mediator of Innovation and Organizational Learning in Commercial Banks

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**Abstract:** One of the factors that can affect the organization's performance is market orientation and attention to customers' needs. In the present study, the relationship between market orientation, as well as organizational performance with regard to the role of intermediary variables in addition to organizational learning will be evaluated by considering the theoretical foundations of the research. Market orientation as an independent variable, the organization's performance as a dependent variable and organizational innovation and learning are considered as intermediary variables. The research method of this study is descriptive-survey. The research data in the theoretical foundation part are derived from library studies and hypotheses testing according to the views of 145 heads of branches, and deputies in the Parsian Bank, as well as marketing experts of the Bank's headquarters in Tehran, that selected samples are being obtained by convenience sampling method. Data analysis is performed by using confirmatory factor analysis, and the process of analysis of covariance structures, and structural equation modeling, and path analysis. Also, the analysis is performed by applying SPSS and PLS software, due to accuracy and speed. The results of this research show that market orientation is directly and indirectly effective through organizational learning and innovation intermediary variables on Parsian Bank's organizational performance.

**Keywords:** Market Orientation, Organizational Learning, Innovation, Organizational Performance

## Problem Statement

Today, one of the features of most of the world's markets is their growing competitive edge. This competition means the need to have a significant competitive advantage that maintains market presence and it is not possible to achieve such a competitive advantage without proper knowledge and implementation of strategies and the use of efficient and effective marketing methods (Kotler, Armstrong, 1999, p. 31). Not surprisingly, in this turbulent environment with accelerated changes, firms have to change their reaction to the market, so that they focus less on products and more on customers and relationships. And instead of a short-term vision, they should pursue a long-term vision (Harrison, 2000, p. 49). Hence, the market orientation and customer needs are a new feature of marketing. Managers should coordinate their organizations by the market day conditions and accept the issue of market orientation as a culture, and place customer satisfaction as the pivot of the company's activities. In the meantime, service providers should try to establish relationship between the needs of customers and the products that they offer, and present services that meet the customer's needs, and to meet the demands of the customer. In the meantime, organizations that are able to better meet the demands of customers have a higher level of performance (Lusch, Laczniak, 1987, p. 9). Market orientation means providing market information about the current and future needs of customers, developing and transferring this information, and responding to it at all levels of the organization (Kohli, Jaworski, 1990, p. 4). In the marketing and management literature, combining market orientation, and orientation of learning and innovation, is to have the required resources that a company uses to achieve competitive advantage, as well as are the key to success in innovation and performance (Bagheri et al., 2015, p. 1).

Many organizations and companies, as well as many sectors of the economy and society, have identified the need for innovation in the organization due to new and complex situations that organizations encountered with competitive and technological bottlenecks. In the meantime, the banking industry in Iran today is faced to many rivals such as the insurance industry, the foreign exchange market, and gold and coins, as well as the stock

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market. Hence, they should use some methods to improve organizational performance in order to survive under such conditions.. Innovation is an important factor of the success and competitive advantage of organizations (Gumusluoglu, Ilsev, 2009, p. 469). Organizational innovation ideas must be changed into organizational usable forms, as well as this phenomenon is used to promote organizational performance (Damanpour et al., 2008, p. 502). Undoubtedly, the performance of each organization as a result of all its inputs has always been of great importance and managers need to identify the factors affecting performance in order to measure the effectiveness of the organization's activities. Performance measurement can be defined as a system by which the organization finds out whether its goals have been achieved or not (Huang, 2009, p. 212).

On the other hand, learning ability seems to stimulate organizational innovation capacity and maintain competitive advantage in turbulent environments. Organizational learning is a dynamic process that enables the organization to conform quickly with changes. This process involves generating new knowledge, skills, and behaviors. Organizational learning is the main way of creating knowledge work and improving organizational efficiency. Therefore, a successful organization must be dynamic in learning (Zheng et al., 2010, p. 768). Learning in learner organizations is occurred when organizational employees analyze the issues. They review work methods, as well as find new and innovative ways and solutions for their problems, and think about what they are doing (Rafferty, Griffin, 2004, p. 334). It has also been specified that learning is one of the most important factors of improving long-term performance, and in the near future, only the organizations can claim to superiority that exploit in a proper way the capabilities of individuals at all levels of the organization (Beikzadeh et al., 2010, p. 42).

This article seeks to answer the question about whether there is a relationship between market orientation and organizational performance through the role of intermediary in innovation and organizational learning in Parsian Bank or not? Therefore, identifying the indicators and dimensions of the research variables and examining the correlation between them and organizational performance helps managers to assess their organizations and identify existing gaps and try to resolve them.

## **History of the Study Internal Studies**

Bagheri et al. (2015) make a study entitled "Investigating the effect of market orientation and the combination of organization learning and innovation on the performance of small and medium businesses (case study: small and medium enterprises of Babol City in Mazandaran Province)". They express that the literature emphasizes on "marketing, management and strategy" on market orientation, the orientation of learning and innovation together as having a significant influence on the performance of a company. The present study, considering this fact and aimed at the effect of market orientation and the combination of organization learning and innovation on the performance of small and medium businesses in the city of Babol City is planned. In this regard, managers and employees of the Kiafarin manufacturing Co. and the Pars Pigment and Catalyst Co. in the industrial city of Babol City are invited for to participate in the help of a questionnaire and random distribution. Findings show that there is a significant correlation between organizational learning and organizational performance, market orientation and organizational innovation, and organizational innovation and organizational performance. There is no significant correlation between market orientation and organizational performance, organizational learning and organizational innovation.

Sheykhan and Doustyan (2014) in their research entitled "Influence of Market Orientation, Organizational Innovation and Competition on Financial Performance and Market Performance of Banks", have examined the influence of market orientation, organizational innovation, and competitive power on the financial performance and market performance of the banks. The statistical population of the study is consisted of all heads of bank branches of Lorestan province. The results of simple and multiple regression analysis show that market orientation has a positive and significant effect on financial performance and market performance of banks. Among the dimensions of market orientation, orientation towards customers and orientation to inter-tasks coordination, respectively, has the most impact on financial performance and market performance of banks. The dimensions of orientation towards technology and orientation towards competitors are also respectively in the next priority. Also, the results of regression analysis show that organizational innovation and competitive power have a positive and significant effect on financial performance and market performance of banks. The results of correlation analysis indicate that market orientation has a positive and significant correlation with organizational innovation and the competitiveness of banks.

Haji Hosseini and Moghaddam (2014) in a study entitled "The Effect of Innovation and Market Orientation on Business Performance and Achieving Sustainable Competitive Advantage in Industrial Firms", have examined the key factors influencing business performance and achieving sustainable competitive advantage for industrial firms. One of the most important findings of this research is the impressive influence of market orientation on

innovation; from other findings of this paper, the significant effect of innovation on the business performance of an industrial firm is to achieve sustainable competitive advantage. Another important point in this study is the balancing role of the learning orientation component in the correlation between market orientation and innovation.

Aghajani and Jafari Kenari (2013) in a research entitled "The Relationship between Organizational Learning and the Performance of Knowledge Based Organizations: The Mediation Role of Organizational Innovation" presents a model of the effect of organizational learning on organizational performance in knowledge based firms, that uses their knowledge asset as a main source of competitive advantage. They express that organizational learning means a dynamic process of knowledge that flows from individual to group and organization and vice versa. This is one of the tools for gaining competitive advantage for managers of organizations. Innovation is also a key precondition for gaining competitive advantage. They argue that knowledge-based companies could lead to improvement and organizational innovation and improve their performance by changes in the variables that will cause form or influence on the organization's learning.

Matoofi et al. (2010), has examined the correlation between learning orientation with innovation and performance in small firms in a study entitled "The Role of Learning Orientation on Organizational Innovation and Performance". The findings of this study, after reviewing 87 small service and production firms in the city of Tehran, where the top executives and their owners are respondents to the questionnaires, while that confirm the results of previous research, for the influence dimensions of the identification of learning have proposed a new insight. The focus is on innovation and, consequently, on the small firms' performance. The results of the research have been consistent with the results of previous researches and have confirmed the learning positive effect on innovation, and innovation on business performance at the level of small service and production firms in Tehran.

Doaee and Bakhtiari (2005) have investigated the correlation between the variables in a study entitled "The Impact of Market-Oriented Culture on Business Performance of Automotive Parts Manufacturing Companies in Mashhad". In this descriptive study, after examining the results by a correlation test, it has been showed that there is a significant positive correlation between market orientation and business performance.

### **External Studies**

Mahmoud et al. (2016) has investigated the role of the mediator of innovation and the correlation between these variables in the banking system in a study entitled "Market Orientation, Learning Orientation and Business Performance". The questionnaire is distributed among managers of these banks of an accessible way. The results of the research show that there is a relationship between market orientation and innovation and the learning orientation of banks. Innovation also plays a role as a mediator in the relationship between market orientation and business performance. Learning orientation also serves as a link between market orientation and innovation.

Racela (2014) explores the relationship between customer orientation, company innovation and performance, as well as customer orientation, company innovation and performance capabilities. In the conceptual model of this research, innovation capabilities play a mediating role. The results of the research show a positive correlation between customer orientation, as well as innovation capabilities, and company performance.

Subramanian et al. (2010) has investigated the relationship between market orientation and business performance in 159 US Hospitals for Special Care. In this study the scale structured MKTOR is used to measure the market orientation and business performance is evaluated by measures of revenue growth, return to investment and profit margin. The results after the test of the hypothesis show that there is positive correlation between market orientation and business performance in these hospitals.

Hung et al. (2010) have investigated the relationship between total quality management, organizational learning and innovation performance. They have reviewed dimensions (continuous improvement, focus on customer, excellent management support, employee participation) for TQM. Innovation performance has been considered as a dependent variable. This dependent variable has been measured by three dimensions (product innovation, process innovation, overall organization innovation). As well as, organizational learning has been considered as a mediator variable, which is intended to measure it from two dimensions (Learning culture, learning strategy). The researchers finally have concluded that there is a direct and positive correlation between overall quality management and innovation performance with regard to organizational learning (mediating variable).

Du and Wu (2008) in a study entitled "Investigating the Effect of Loyalty on the Relationship between Market Orientation and Performance: Certificate from Chinese Services Companies" outlines a model that illustrates the relationship between market orientation, customer loyalty, and business performance. Data onto 101 service companies in China has been collected. The results of the presented assumptions are confirmed and show that market orientation not only has a positive and strong effect on the business performance of service companies, but also has a direct effect due to the role of customer loyalty moderator.

Sanzo et al. (2007) have investigated the effect of market orientation of an industrial buyer on loyalty orientation of a supplier of a company. Two structured surveys are conducted on 141 industrial companies, and the results indicate that there is a direct negative effect of market orientation on loyalty. But positive indirect effects of communication, conflict, customer's satisfaction, and also trust have been confirmed.

### METHODOLOGY OF THE STUDY

This research in terms of the purpose is the applied research, and it is descriptive and surveying in terms of the method. The statistical population of the study consisted of the heads and deputies of Parsian Bank Branches in Tehran and marketing experts on the Parsian bank headquarters in Tehran. The number of considering branches of Parsian Bank in Tehran would be 70 branches. Therefore, the number of statistical branches including the heads and deputies of the branches is 140 individuals. Also, the number of experts on the Parsian bank headquarters in Tehran is also 10 individuals. Considering the limited number of statistical population of this research, and on the other hand the access and evaluation of the members of the research population is possible, the census method is used for collecting data, and sampling has not done. Therefore, 140 questionnaires are sent to the parsian Bank heads and deputies, and 10 questionnaires are sent to the experts of the Parsian Bank headquarters in Tehran. Finally, 145 questionnaires have been returned.

Also, the data needed for research have been first collected by using library resources and databases (secondary sources), and then, by using a questionnaire (primary data), the required data to know the influence of research variables on each other has been collected and stored.

#### Data Analysis

##### Descriptive Examination of the Variables of the Study

In this research, four main variables (market orientation, organizational learning, innovation and organizational performance) have been selected. These variables have been examined based on a modified conceptual model. the importance of describing the variables is for this reason that results of testing the hypotheses of the research are extracted based on the data and indicators of these variables. Research data have a distance scale. In order to describe the variables of the research, central indicators and dispersion have been used which are discussed in the following.

In this research, 145 individuals have been selected as sample and resulted data have been collected from the questionnaire. Regarding the choice of the Likert scale of the questions consisting the questionnaire, the resulted magnitudes of the viewpoints of respondents should be examined to determine clearly whether the average of their responses differs from the average of 3 (the magnitude in the middle of the Likert scale) or not. If the mean value obtained have been less than 3, then it shows that the population of study in that indicator is evaluated in the adverse status (in the case of inverse variables is vice versa). Also, the higher the absolute values of skewness and kurtosis coefficients shows that the deviation and the sample difference in terms of symmetry is similar to the normal distribution, so if the absolute value of these coefficients have been in the interval (0.5 and 0.5), then it represents that non-distortion of the distribution and the variable curve has been occurred in comparison with a normal distribution.

The description of the variables of the research shows that all the variables of the study have an average higher than the mean value and indicates that from the viewpoint of respondents in this study, these variables have evaluated as desirable and positive. The absolute values of skewness and kurtosis coefficients, as it is known is placed for most variables in the interval (0.5 and 0.5), that indicates the non-distortion of the distribution and the variable curve in comparison with a normal distribution, but the variable of organizational performance also deviates from the normal distribution.

#### Hypotheses and their Testing

The hypotheses of the study in the form of the principal hypothesis and sub-hypotheses are as follows:

##### The Principal Hypothesis

The market orientation is effective on the performance of Parsian Bank by the organizational learning and innovation mediator variables.

Table 1) Descriptive indices for the dimensions of the research variables

Kurtosis	Skewness	Standard	Mean	Symbol	of Sample	Research
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		Deviation		Questions	Size	Variable
-.602	-.436	1.16144	3.4966	X1		
-.611	-.032	1.13483	3.1034	X2		
-.735	-.211	1.04817	3.5172	X3		
-.887	-.154	1.21209	3.0552	X4		
-.479	-.442	1.0010	3.7655	X5		
-.424	.194	1.04666	2.9586	X6		
-.264	.365	1.07799	2.8207	X7		
-.624	-.086	1.02212	3.3379	X8		
-.824	-.120	1.21918	3.2621	X9	145	Market Orientation
-.735	-.211	1.04817	3.5172	X10		
-.503	-.165	.99385	3.4897	X11		
-.101	-.639	.91277	3.9862	X12		
-.048	-.464	-.98660	3.5241	X13		
-.684	-.039	1.02460	3.4138	X14		
1.232	-1.354	.92434	4.3103	X15		
-.256	.343	.93018	2.3932	X16		
-.824	-.120	1.21918	3.2621	X17		
-.887	-.154	1.212.9	3.0552	X18		
-.735	-.211	1.04817	3.5172	X19		
-.735	-.211	1.04817	3.5172	X20		
-.964	.164	1.23223	2.9034	X21		
-.790	.117	1.10995	2.7172	X22	145	Organizational Learning
-.588	-.568	1.16892	3.6552	X23		
-.151	-.368	1.05364	3.4483	X24		
-.588	-.567	1.16892	3.6552	X25		
-.824	-.120	1.21918	3.2621	X26		
-.887	-.154	1.212.9	3.0552	X27		
-.151	-.368	1.05364	3.4483	X28		
-.588	-.567	1.16892	3.6552	X29	145	Innovation
-.964	.164	1.23223	2.9034	X30		
-.256	.343	.93018	2.3931	X31		
-.824	-.120	1.21918	3.2621	X32		
-.887	-.154	1.21209	3.0552	X33		
-.735	-.211	1.04817	3.5172	X34	145	Organizational Performance
-.735	-.211	1.04817	3.5172	X35		
-.151	-.368	1.05364	3.44/83	X36		

**Sub-Hypotheses**



coefficients are called path coefficients. The load factors have been used to analyze the structure of the questionnaire and to discover the constituent elements of each structure. As it is clear, all load factors of questionnaires are more than 0.3, which is desirable. For example, the results of loading factor show that the information generation dimension is from the market orientation variable has (0.90) correlation with its first question, and the results of the path coefficient show that, for example, the market orientation variable with path coefficient (0.88) is effective on organizational learning.

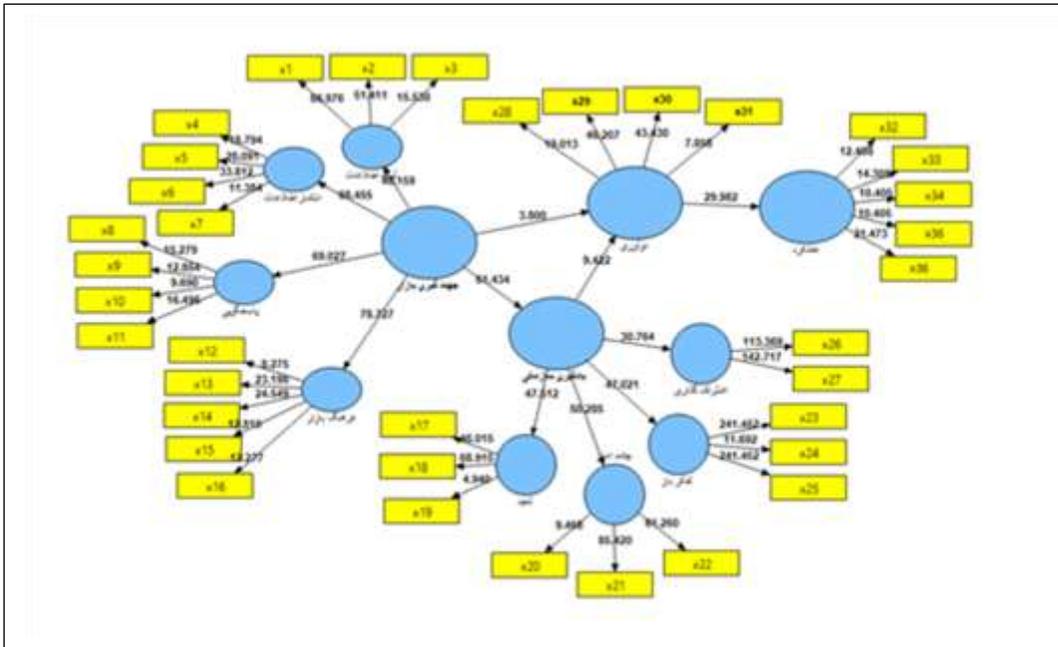


Figure 2. the main model in absolute value mode

The model of confirmatory factor analysis and structural equations in the mode of absolute value of coefficients is shown in the above diagram. In fact, this model tests all the equations of measurement and structural equations using the t statistics. According to this model, all load factors and path coefficients in the 95% confidence level are significant, if their t statistics are greater than 1.96. As it is obvious, all load factors and path coefficients are significant and their t statistics is within the meaningful interval.

The significant coefficients that are presented between the independent and dependent variables of the research are used to confirm or disprove assumptions that all of them confirm the sub-hypotheses of the research. For example, the t statistics between market orientation variable and organizational learning is (61.43) which is more than 1.96 and indicates the significance of the path coefficient between these two variables.

According to the results of the factor coefficient table, all of the components have the load factor greater than 0.3 and are significant. Therefore, none of the questions on the questionnaire is eliminated and all the questions have a decisive role in this research and the questionnaire has had the necessary validity.

**Convergent Validity and Internal Consistency**

In order to measure convergence validity, we consider three units that are loading factor; average variance extracted, and combined reliability or structural reliability. The average of the extracted variance is the use of convergence scales of a set of observed items of a structure. In fact, it is a percent of the variance is described among the items. This average of extracted variance should be higher than 0.5 to confirm one of the convergent validity criteria. The combined reliability should be 0.7 or higher, indicating the adequacy of internal consistency. Load factors are accepted, as shown in the charts of the standard coefficients, and all of the load factors have a coefficient above 0.4.

Table 2. Load factor Results

Load Factor	Item	Research Variables
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0.66	X1	
0.86	X2	
0.90	X3	
0.65	X4	
0.76	X5	
0.79	X6	
0.58	X7	
0.65	X8	Market Orientation
0.62	X9	
0.55	X10	
0.70	X11	
0.55	X12	
0.72	X13	
0.72	X14	
0.63	X15	
0.58	X16	
0.87	X17	
0.90	X18	
0.38	X19	
0.57	X20	
0.90	X21	
0.88	X22	Organizational Learning
0.96	X23	
0.60	X24	
0.96	X25	
0.93	X26	
0.93	X27	
0.68	X28	
0.84	X29	Innovation
0.84	X30	
0.47	X31	
0.64	X32	
0.66	X33	
0.64	X34	Organizational Performance
0.64	X35	
0.70	X36	

Table 3: Indices of Validity, Reliability, and Model Fitting

GOF	$\sqrt{R^2}$	$\sqrt{AVE}$	Cronbach's alpha	R <sup>2</sup>	CR	AVE	Hidden Variables
0.59	0.83	0.72	0.88	---	0.90	0.51	Market Orientation
			0.88	0.79	0.90	0.57	Organizational Learning
			0.70	0.76	0.81	0.53	Innovation
			0.72	0.53	0.79	0.52	Organizational Performance

The above table shows the validity, reliability, and fitting of the model. Convergent validity has been used in this study in the sense that the markers for each structure eventually provide a good separation in terms of

measurements than other structures of the model. In simple terms, each indicator measure only its structure and their composition are such that all of the structures is well separated from each other. With the help of the mean of variance extracted, it was determined that all the studied structures had the mean of extracted variance higher than 0.5. Combined reliability indices (CR) and Cronbach's alpha were used to test the reliability of the questionnaire. All of these coefficients are higher than 0.7 and indicate the reliability of the measuring instrument.

**Validating Structural Models (Responding to Hypotheses)**

After validating the measurement models, it is time to examine the structural or internal model of the research.

**The Main Hypothesis**

The marketing orientation is effective on the performance of Parsian Bank by the organizational learning and organizational innovation mediator variables.

Table 4: Structural Equation Results for Research Hypotheses Examination

Correlation Direction	The Status of the Hypothesis	t	Beta	Research Hypotheses
Positive	Confirmed	7.49	0.40	Hypothesis H0: Market orientation do not influence by the variables of organizational learning and organizational innovation on the performance of the Parsian Bank. Hypothesis H1: Market orientation influences the performance of the Parsian bank by mediators of organizational learning and organizational innovation..

The Main Hypothesis

Based on the results obtained from the structural equation coefficients, the value of t (61.43) for this parameter (according to the rule of 5% error in the domain of rejection of zero assumption for off-interval values is from -1.96 to +1.96 for each model parameter) is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the path (0.88), it can be said that the market orientation influences organizational learning of Parsian Bank employees.

**Second sub-hypothesis**

Market orientation influences the innovation of Parsian Bank employees.

Table 6: Structural Equation Results for Research Hypotheses

Correlation Direction	The Status of the Hypothesis	t	Beta	Research Hypotheses
Positive	Confirmed	3.80	0.27	Hypothesis H0: Market orientation does not influence on employee innovation in Parsian Bank.
				Hypothesis H1: Market orientation influences on employee innovation in Parsian Bank.

Second sub-hypothesis

Based on the results obtained from the structural equation coefficients, the value of t (3.80) for this parameter (according to the rule of 5% error in the domain of rejecting the zero assumption for off-interval values from -1.96 to +1.96 for each model parameter), is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the variable (0.27), it can be said that the market orientation influences the innovation of the employees in Parsian Bank.

**Third sub-hypothesis**

Market orientation influences on the performance of the Parsian bank due to the role of the mediator of organizational innovation.

Table 7: Structural Equation Results for Research Hypotheses Examination

Correlation Direction	The Status of the Hypothesis	t	Beta	Research Hypotheses
Positive	Confirmed	3.10	0.2	Hypothesis H0: The market orientation does not influence on the performance of the Parsian bank with regard to the mediating role of organizational innovation. Hypothesis H1: The market orientation influences on the performance of the Parsian bank with regard to the mediating role of organizational innovation.

Based on the results obtained from the structural equation coefficients, the value of t (3.10) for this parameter (according to the rule of 5% error in the domain of rejecting the zero assumption for off-interval values from -1.96 to +1.96 for each model parameter), is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the path (0.20), it can be said that the market orientation influences the performance of Parsian Bank with regard to the mediating role of organizational innovation.

**Fourth sub-hypothesis**

Organizational learning influences on employee innovation in Parsian Bank.

Table 8: Structural Equation Results for Research Hypotheses Examination

Correlation Direction	The Status of the Hypothesis	t	Beta	Research Hypotheses
Positive	Confirmed	9.42	0.62	Hypothesis H0: Organizational learning does not influence on employee innovation in Parsian Bank. Hypothesis H1: Organizational learning influences on employee innovation in Parsian Bank.

Based on the results obtained from the structural equation coefficients, the value of t (9.42) for this parameter (according to the rule of 5% error in the domain of rejecting the zero assumption for off-interval values from -1.96 to +1.96 for each model parameter), is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the path (0.62), it can be said that organizational learning influences on employee innovation in Parsian Bank.

**Fifth sub-hypothesis**

The market orientation influences on the innovation of Parsian Bank employees due to the role of the mediator of organizational learning.

Table 9: Structural Equation Results for Research Hypotheses Examination

Correlation Direction	The Status of the Hypothesis	t	Beta	Research Hypotheses
Positive	Confirmed	8.31	0.55	Hypothesis H0: The market orientation does not influence on the innovation of Parsian Bank employees due to the role of the mediator of organizational learning. Hypothesis H1: The market orientation influences on the innovation of Parsian Bank employees due to the role of the mediator of organizational learning.

Based on the results obtained from the structural equation coefficients, the value of  $t$  (8.31) for this parameter (according to the rule of 5% error in the domain of rejecting the zero assumption for off-interval values from -1.96 to +1.96 for each model parameter), is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the path (0.55), it can be said that the market orientation influences on the innovation of Parsian Bank employees due to the role of the mediator of organizational learning.

Based on the results obtained from the structural equation coefficients, the value of  $t$  for all of the parameters (according to the rule of 5% error in the domain of rejecting the zero assumption for off-interval values from -1.96 to +1.96 for each model parameter), is estimated outside of the interval. Therefore, it can be stated that the assumption of the researcher is confirmed with 95% confidence and with regard to the positive coefficient of the path of the research hypotheses, it can be said that the research variables influences on each other significantly and positively. These results will be explained in detail in the chapter five.

## RESULTS

As stated in the research literature, organizations that are able to better meet the demands of customers have a higher level of performance (Lusch, Laczniak, 1987, p. 9). Market orientation means providing market information about the current and future needs of customers, developing and transferring this information and responding to it at all levels of the organization (Kohli, Jaworski, 1990, p. 4). As stated in the marketing and management literature, combining market orientation, orientation of learning and innovation, could mean to have the resources for use to achieve competitive advantage, and are key to success in innovation and performance for a company (Bagheri et al., 2015, p. 1). ) On the other hand, the ability to learn can stimulate the capacity of organizational innovation and maintain competitive advantage in a turbulent environment. Learning is one of the most important factors of improving long-term performance, and in the near future, only organizations can claim of superiority that are able to use the capabilities and capacity of learning at all levels of the organization (Beykzadeh et al. , 2010, p. 42). Learning orientation can play a balancing role in the relationship between market orientation and innovation (Haji Hosseini and Moghaddam, 2014, p. 24). Learning orientation has a positive impact on innovation, and in turn, innovation is effective on the level of business performance at the level of small service firms, and small production firms (Matoofi et al., 2010, p. 60).

Therefore, customer orientation improves the company's innovation capabilities and performance (Racela, 2014, p. 19). Another study has shown that there is a positive correlation between market orientation and business performance in the hospital (Subramanian, et al., 2010, p. 9). It has also been shown that there is no significant correlation between the variables of market orientation and organizational performance, as well as between organizational learning and organizational innovation variables of small and medium firms, while there is a significant relationship between organizational learning and organizational performance, as well as between organizational market orientation and innovation, and organizational innovation and organizational performance (Bagheri et al., 2015, p. 1).

Therefore, given the theoretical foundations and the research carried out on the subject of the research, it is clear that the results obtained from this research are aligning with the discussions of theoretical literature and past researches.

### Study Recommendations

Based on the results obtained in this research, market orientation has been identified as preconditions and factors influencing organizational learning, innovation and organizational performance. According to the findings of this research, creating market orientation in the organization improves the competitive advantage of the organization and organizational performance. Also, organizational innovation and learning, in turn, will effect on the performance of the Parsian bank. Therefore, in order to further to improve market orientation indicators, organization's learning, and innovation, the following suggestions have been given to Parsian Bank executives according to the questionnaire questions (which are confirmed through validation and confirmatory factor analysis that all questions play a decisive role in the model). Also, the average extraction of descriptive statistics are represented (which is determined through the mean index, all the variables are moderate and If we consider the minimum quantity of optimum for the mean equal to 4, we must reach the optimum level).

### **Proposals for the first and second hypotheses of the study**

As the results of the study have shown, the market orientations influence on the innovation and organizational learning in Parsian Bank. Therefore, the following recommendations are presented for more market orientation improvement:

Parsian Bank managers should regularly review customer satisfaction with periodic surveys and compare them with other banks and inform the information about this survey through reports and meetings to all employees and managers. (In alignment with the question 1, 12 and 15);

Bank managers must obtain the necessary information about stimulating of profitability to consider these incentives in their strategic planning. (In alignment with question 2);

They should also regularly evaluate employees' satisfaction with the working conditions and organizational culture existing at Parsian Bank, because they are employees that are constantly connected with customers. (In alignment with Question 3);

Continual improvement process is being implemented as a critical factor of customer satisfaction and service quality (customer relationship management and complaint handling), as well as through direct meetings with customers to demonstrate their commitment and proximity to customers. Bank managers must obtain the necessary information about stimulating of profitability to consider these incentives in their strategic planning. (In alignment with questions 4, 7, 8, 9, 10 and 11);

The mission and vision of the bank must be monitored at the bank's strategic conferences and meetings, and will be made available to all employees. Bank managers must obtain the necessary information about stimulating of profitability to consider these incentives in their strategic planning. (In alignment with Question 5);

Managers should have the authority and information required for flexible decision making and the emergence of new ideas must be available to the all employees and it should not limit to senior executives. (In alignment with questions 13, 14 and 16)

### **Proposals for the third hypotheses of the study**

As the results of the research have shown, the market orientation influences on the performance of the Parsian Bank due to the mediating role of organizational innovation. Therefore, the following suggestions are offered to Parsian Bank managers for more improvement in the employees' innovation in the organization:

Parsian Bank should always use new technologies to expedite the provision of services and facilities to its customers, and also, new methods must be applied for developing existing employees' skills of Parsian Bank (in alignment with questions 28 and 29);

Organization must identify customers' needs by studying the market, and then, it should use of them for representation of new services to market as advancement opportunities in future (in alignment with questions 30 and 31)

### **Proposals for the fourth and fifth hypotheses of the study**

As the results of the study have shown, the market orientation influences on the innovation of Parsian Bank employees due to the mediating role of organizational learning. Organizational learning also directly influences on the employees' innovation. Therefore, the following suggestions are offered to Parsian Bank Managers for further improvement in learning in the organization:

Training and learning of employees as the key to gaining competitive advantage and as an essential value in the bank must be institutionalized (in alignment with questions 17, 18 and 19);

All parts of the organization should be aware of how to achieve the organization's goals, and then, reach a consensus on the bank's vision. (In alignment with questions 20, 21 and 22);

Managers and employees should continually review and judge the quality of our decisions and activities over time, and should not be concerned about the reflection of critical opinions. (In alignment with questions 23, 24 and 25);

Knowledge about the market and bank activities must be shared among all employees. (In alignment with questions 26 and 27)

### **Proposals for the Future Studies**

The following proposals seem to be necessary for the future studies:

Due to the time constraints and the lack of use of other tools such as observation and interviewing the statistical population, it is suggested that for gathering information about the research variables along with the questionnaire to achieve more comprehensive results, these tools also being used.

Future researchers can use the model used in this research in the field of institutions and production and services companies with other brands and compare the results with the results obtained in this study and achieve more comprehensive results.

Future researchers can also examine the influence of the market orientation on organizational performance by adjustment mechanisms such as intensity of market competition, company life cycle, or by mediation mechanisms such as brand equity variables, customer relationship management, and more.

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