

# A Suggested Conceptual Agenda for Market Orientation and Corporate Social Responsibility Towards the Business Performance of Saudi Industrial Organizations

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Received 15 July 2015; accepted 15 September 2015  
Published online 31 October 2015

## Abstract

This paper aims to explore how firm performance is affected by corporate social responsibility (CSR) and market orientation (MO). In addition, how the relationship between MO and firm performance is affected by the CSR? There were nine factors as components of MO used to investigate the effect of social responsibility on many stakeholders, six groups of stakeholders were applied. Finally, there were three factors as components of firm performance in this paper.

A questionnaire survey of Saudi Arabia industrial firms from a variant amount of industries has received 211 valid responses. SEM was used to check the hypotheses. MO and CSR have positively affected the firm performance. The all six hypotheses connecting to the research model are supported by the results, which also support importance of CSR for firm performance. The mediated results found provide marketing professionals with better understanding of the market orientation's route to performance. Relying only on input provided by managers and executives of marketing related positions is the main limitation of the study. Managers' assessments of MO, CSR and performance have reflectively represented the data collected. This study is one of few studies investigating how performance is affected by MO and CSR. The current literature on the importance of MO and CSR is added by this empirical knowledge from Saudi Arabia.

**Key words:** Firm performance; Corporate social responsibility; Market orientation; Saudi industrial organizations

Albahussain, S. A. (2015). A Suggested Conceptual Agenda for Market Orientation and Corporate Social Responsibility Towards the Business Performance of Saudi Industrial Organizations. *International Business and Management*, 11(2), 16-30. Available from: <http://www.cscanada.net/index.php/ibm/article/view/7528>  
DOI: <http://dx.doi.org/10.3968/7528>

## INTRODUCTION

The increasingly rapid change in consumer preferences as well as growing competitive rivalry among the companies have compelled them to improve techniques inside their organizations to gather market information, examine it and react accordingly and this process is named as Market Orientation. It is known in the marketing literature as a set of activities developed by companies permanently to monitor, analyze, and respond to these market changes.

Studies are found as increasing literature on the MO construct (Narver & Slater, 1990; Kohli & Jaworski, 1990; Green, Inman, Brown, & Willis, 2005; Ozer, Kocak, & Celik, 2006). The conceptualization of the construct has been analyzed by some studies (Narver & Slater, 1990; Kohli & Jaworski, 1990) and both internal and external factors influencing the degree of MO in organizations (Ozer et al., 2006). Furthermore, the construct has been linked to business performance by other scholars (Appiah-Adu & Ranchhod, 1998). The market orientation-business performance relationship has been shown that organizations that demonstrate higher levels of MO had superior performance with respect to new product success (Atuahene-Gima, 1996), return on assets (Narver & Slater, 1990), and growth in market share (Appiah-Adu & Ranchhod, 1998). An appreciable stream of academic research has appeared in the management literature suggesting that CSR orientation is the important part for inducing long-term stability, growth, and sustainable

performance in a dynamic and changing environment, which is similar to advocates of market orientation-performance relationships (Luo & Homburg, 2007; Prado-Lorenzo, Gallego-Álvarez, García-Sánchez, & Rodríguez-Domínguez, 2008; Gyves & O'Higgins, 2008). In reality, the synergism of CSR with MO was also reported by some studies (Narver & Slater, 1990; Qu, 2009). It would seem that a MO may not be the only determining factor of firm performance (Agarwal, Erramilli, & Dev, 2003).

In order to survive, companies need to organize their activities focusing strongly on their markets to keep pace with the increasing global competition and changes in consumer needs (Mahmoud, Kastner, & Yeboah, 2010). The organizations of Saudi Arabia have special interest, as they sell material and immaterial goods in which customer orientations are critical factors. A decisive requirement for Saudi organizations could be developing and planning effective CSR strategies. Furthermore, CSR activities could be decisive for making corporate image better to stimulate market performance (Prado-Lorenzo et al., 2008; Luo & Bhattacharya, 2006). The issues of market orientation, CSR and their impact on firm performance have not yet been addressed by any Saudi study.

In this paper, a model of the relationship between market orientation, CSR and firm performance is proposed and tested in a sample consisting of marketing managers and executives of all Saudi organizations operating in the eastern province. This study tries to describe the effects of these variables on the performance of Saudi industrial organizations by testing the relations among market orientation and CSR. Because of the compound nature of the performance relationship of market orientation, companies have to depend on some capabilities so that they can convert MO into a successful business strategy, with CSR as the essential capabilities in this regard.

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## 1. THEORETICAL FRAMEWORK

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### 1.1 Market Orientation (MO)

Narver and Slater (1990) identified MO as a competitive strategy that most effectively produces the suitable forms of behavior to produce improved value for the consumer and thus promises better long-term results for companies. The literature contains at least five views on MO (Lafferty & Hult, 2001), the first two widely discussed and used views are the cultural perspective (Narver & Slater 1990) and the behavioral perspective (Jaworski & Kohli, 1996). Whether MO would be considered as an organizational culture or as behaviors, actions, or processes concerned researchers such as Jaworski and Kohli (1996). Hurley and Hult (1998), lately, stressed that referring to MO as a group of behaviors, activities, and practices rather than as a characteristic of organizational culture may be useful for the organization despite the great value of both perspectives. A study discussed the distinction between

two viewpoints and discovered that both of them have value (Jaworski & Kohli, 1996). That firms create and hold on to a competitive advantage, so they must break down and function according to each of these market forces with suitable coordination between their roles. Therefore, in this theoretical structure, Olivares and Lado (2003) indicated that MO can be conceived as comprising of nine aspects: (1) Analysis of the final customer; (2) Analysis of the distributor; (3) Analysis of the competitors; (4) Analysis of the environment; (5) Inter-functional coordination; (6) Strategic actions on final customers; (7) Strategic actions on distributors; (8) Strategic actions on competitors; and (9) Strategic actions on the macro-environment. That MO is conceived as being made up of nine aspects and it should not be taken to infer that MO is a multidimensional concept. According to Lado, Maydeu-Olivares, and Rivera (1998), these aspects are well explained by a single-factor model. Hence, these nine aspects should be taken as the conceptual constituents of a one-dimensional pattern of market orientation. Accordingly, we adapted this conceptual view in our paper.

### 1.2 Corporate Social Responsibility (CSR)

CSR is an increasingly significant construct in academic environment, in addition, a stressed object on the practical corporate agenda. Lee, Park, Rapert, and Newman (2011) indicated that several companies identify CSR actions as investment in enhancing both internal and external company values. Gossling and Vocht (2007) define CSR as the obligation of organizations to be responsible for their environment and for their stakeholders in a manner that goes beyond mere financial aspects.

A company's survival and success relies on the capability of its directors to establish adequate contentment and wealth for its fundamental shareholders (Clarkson, 1995). A firm's primary stakeholders comprise staffs, customers, shareholders, suppliers, communities, and natural surroundings. If any of the fundamental shareholder groups remove their support to the firm, this will have adverse effect on the firm's operation (Clarkson, 1995). Fomburn and Shanley (1990) indicate that firms establishing relationship with primary stakeholders' further market transactions acquire competitive advantage. Efficient management of main stakeholders works as a value motivator by leveraging performance and decreasing stakeholder-enforced costs. Lower staff turnover, (McVea & Freeman, 2005), decreases employing and training expenses, loyal suppliers decrease quality accreditation expenses, supportive communities decrease lawful and public relationships expense, and stable shareholders decrease stock market inconstancy. To achieve sustainability in business. So, Companies must determinate primary stakeholders influencing the firm, determinate their requirements, and formulate organizational policies and practices to satisfy them. Considering CSR towards six groups of stakeholders,

we investigate the relation amid CSR towards each shareholder group and company performance.

### 1.3 Business Performance

Innovative performance is perceived in the literature as one of the most significant operators of other perspective of organizational performance because of the structure of an organizational learning climate and/or tendency with uninterrupted attempts for renewals, advancements, examination, and learning from defects and modification to fast altering competitive environment. For example, innovative performance as the cooperative consolidation of the consequences of technical and administrative innovations has positive contribution to organizational development and profitability (Han, Kim, & Srivastava, 1998). They also state that innovative performance is described as a lacking connection between strategic orientations and organizational performance. For example, Wang and Wei (2005) indicated that innovative performance, particularly in the shape of new successful product is connected with the literature to a growth in market and sales shares, because it has a considerable contribution to satisfy current customers and attain new customers. It is also likely to affirm that besides new successful product, marketing successfulness, process and organizational innovations together cause an inclusive growth in customer contentment and guide more customer concentration in the direction of the creative company.

Production performance representing a consolidation of organizational successfulness in enhancing quality, speed, elasticity, and cost competence in the daily procedures would cause rationally to improve market position and financial profits. Alpkan, Ceylan, and Aytakin (2003); Alpkan, Ceylan, and Aytakin (2002) showed that it is previously confirmed by the previous experimental literature that the incentive behind establishing and executing such purposes of operations as enlarging flexibility for exterior alteration, quality for customer contentment, speed for reliability, and decreasing cost for profitability is to attempt to eventually raise overall company performance. Regarding the production–marketing strategy–performance relationship, Li (2005) indicated that manufacture abilities such as productivity, delivery acceleration, etc. contribute to the market performance by enlarging the customer’s contentment and by enhancing customer relationships.

While in today’s market driven by customer, where customer base is an essential factor to achieve favorable financial consequences, marketing competence is perceived as one of the most significant sources of financial performance (Li, 2005). Therefore, According to Wang and Wei (2005), market share and sales growth is likely to have a direct contribution to the financial goals due to the growing amount of price sales and premiums earnings and declining amount of insignificant unit costs that lead to a meaningful increase in the total profitability.

## 2. THE RESEARCH FRAMEWORK AND HYPOTHESIS

### 2.1 MO and Firm Performance

Svensson (2001) suggested that the market orientation has created a tangible body of research over the years. Zhou et al. (2008); Hult, Ketchen, and Slater (2005) indicated that scholars have recently regarded MO as an essential capability, having the possibility to modify available resources into superior performance. There is a consensus in the literature that MO positively affects business performance. Earlier research provides proof to indicate that MO positively impacts business performance, including financial performance (Narver & Slater, 1990; Kohli & Jaworski, 1990; Jaworski & Kohli, 1996; Kirca, Jayachandran, & Bearden, 2005). Wei and Lau (2008); Zhou et al. (2008) illustrated that although there are limited researches, recent studies approve the positive coalition between MO and business performance. As such, market-oriented companies have more capability in improving greater strategies and effective allocation of resources that can support value creation. Previously literatures are consistent with this argument, indicating that market-oriented companies accomplish better company performance relative to those less market-oriented (Kirca, Jayachandran, & Bearden, 2005). Nevertheless, studies that are more recent have documented the positive impacts of MO on company performance; hence, this study hypothesizes the following:

H1: MO will have a positive impact on the business performance of Saudi industrial organization.

### 2.2 CSR and Firm Performance

Proactive actions and procedures towards staffs mirror a company’s plan to identify the interests of its staffs and content their requirements. In the same context, Somavia (2000) indicates that working conditions that respect human civil rights, dignity, and social protection cause a profitable workplace. A company’s social responsibility is, according to Turban and Greening (1997), a reputation element and an attractive force for possible and usual staffs. As Riordan, Gatewood, and Bill (1997) suggests that ethical reputation causes job contentment and lower staff turnover by arousing positive reactions from staffs’ friends and families. Since contented staffs have higher spirit and job incentive, they will work more productively and efficiently (Berman, Wicks, Kotha, & Jones, 1999) and donate to higher levels of organizational effectiveness (Koys, 2001). Previous studies, (Al-bahussain & El-garaihy, 2013), illustrate that better human resource management procedures such as development and training of staffs, their involvement in problem-solving techniques, advanced compensation policies, and complaint procedures lessen staff turnover, enlarges their efficiency and financial performance. Hence, this study hypothesizes the following:

H2. a: CSR towards employees will have a positive impact on the firms' business performance.

Positive customer perception, (Waddock & Graves, 1997), about safety product quality brings enlarged sales or declined costs connected to shareholder relationships. Market reactions, in products retailing, are discovered to be negative for social irresponsibility of companies (Bromiley & Marcus, 1989). Berman et al. (1999) indicates When customers are not satisfied with a product or its connected services, investors conceive that customer reacting negatively in the form of lessened support, lawsuits, or both, will have a direct effect on the bottom line. Event studies illustrate that a company's market value reduces when corporate incompetence and unlawful attitude is noticed (Frooman, 1997). According to Landon and Smith (1997), uninterrupted deterioration in quality has a direct impact on company performance. Therefore, companies require being cautious about elements such as moral advertising criteria, customer safety and health throughout product utilize, firm-broad quality programs for supplying better products at suitable prices and the type. Company actions and procedures to identify such problems indicate a positive indicator about a firm's responsibility towards its clients and can make company performance better. Hence, this study hypothesizes the following:

H2. b: CSR towards customers will have a positive impact on the firms' business performance.

Companies can reinforce their investor relations by embracing suitable governance standards. CSR towards investors investigate company's policies and procedures towards such problems involving stakeholders' involvement in decision-making, auditors' self-sufficiency, and procedures towards insider dealing. Proof indicates that adopting better corporate governance criteria enlarges company performance. Coombes and Watson (2000) showed that investors reveal intention to pay a premium for the shares of well-governed firms contrasted to poorly governed firms. Companies that consent to the Cadbury Committee recommendations in the UK, according to Dahya and McConnell (2007), have better performance comparing to the noncomplying firms. Previous research on the impact of corporate governance signals such as board size on company performance has produced both positive (Dalton, Daily, Johnson, & Ellstrand, 1999) and negative results (Alshimmiri, 2004). Hence, this study hypothesizes the following: H2. c: CSR towards investors will have a positive impact on the firms' business performance.

Characteristic inclusion of business with the society is perceived in fields of health, education, and income earning. CSR towards society is perceived in terms of generous bestowing, public-private collaborations, society relationships, and involvement in economic and social development problems. Mishra and Suar (2010) suggested that companies are recently following significant collaborations with non-governmental institutions to enable the local society. When firms, according to Husted (2003), concentrate their social actions on societies in and

around their filed of procedures, they earn the profits of a socially responsible image among their staffs and the local society. Although previous evidence reveals a negative relationship amid CSR towards the society and company performance (Berman et al., 1999), it is also noticed that investments in society advancement activities support a company to get competitive advantages through tax savings, lessened regulatory load, and developments in the quality of local work (Waddock & Graves, 1997). Hence, this study hypothesizes the following:

H2. d: CSR towards community will have a positive impact on the firms' business performance.

The world has recently witnessed growing global stress for enacting and adopting severer laws in connection to environment protection in and around the world. Mishra and Suar (2010) indicated that environmental performance is intensified by developments in three perspectives: (a) Product development technologies such as utilization of recycled raw materials and other resource saving programs, (b) Process technologies such as utilization of efficient production systems and a pollution-control approach, and (c) Management systems such as laborers' training programs and environmental examination. Universal criteria on CSR towards environment approve these aspects. In that, studies on environmental proactivity has not been convincing (Christman, 2000). Nevertheless, studies, Russo and Fouts (1997), connect environmental commitment to improved profitability, particularly in high growth industries. Hence, this study hypothesizes the following:

H2. e: CSR towards environment will have a positive impact on the firms' business performance.

The impact of suppliers has become critical in recent-times, as firms have begun to focus more on their basic abilities that outsource other functions to suppliers (Prahalad & Hamel, 1990). The significance of suppliers' problems such as safety and health, environmental effect, society participation, and paying living salaries to staffs at both outsourced plant and home locations of suppliers have been escalated recently. Criteria on CSR towards suppliers incorporate such problems in addition to including problems such as moral acquisition of raw materials by suppliers, and omission of child labor and human rights' transgression at the locations of suppliers. When a company ensures devotion of CSR criteria by suppliers, it sends strong indicators about its obligation towards CSR, improving its performance and image. Transgression of CSR criteria by suppliers has adverse effect on the performance of a company. International buyers prefer accreditation, ensuring that a company has not utilized child labor. Such priorities support company performance. Hence, this study hypothesizes the following:

H2. f: CSR towards suppliers will have a positive impact on the firms' business performance.

### 2.3 MO, CSR and Firm Performance

Production performance representing a consolidation of organizational successfulness in enhancing quality, speed,

elasticity, and cost competence in the daily procedures would cause rationally to improve market position and financial profits. Alpkhan et al. (2003); Alpkhan et al. (2002) showed that it is previously confirmed by the previous experimental literature that the incentive behind establishing and executing such purposes of operations as enlarging elasticity for exterior alteration, quality for customer contentment, speed for reliability, and decreasing cost for profitability is to attempt to eventually raise overall company performance. Regarding the production–marketing strategy–performance relationship, Li (2005) indicated that manufacture abilities such as productivity, delivery acceleration, etc. Contribute to the market performance by enlarging the customer’s contentment and by enhancing customer relationships. Hence, this study hypothesizes the following:

H3. a: Production performance will have a positive impact on the market performance.

H3. b: Production performance will have a positive impact on the financial performance.

Koufteros and Marcoulides (2006) indicated that renewing efforts successfully particularly in administrative techniques, production processes, and new products can have an extensive contribution to the dispersion of knowledge and efficiency of harmony within the institution, which are crucial for functional elasticity and decreased connected costs. It is confirmed that an empirical study has a positive relationship amid functional elasticity and new product accomplishment (Liu et al., 2009). Concerning the production cost reduction effects, it is purported that not all the process innovations result in cost savings, but some execute and permit the institution to sell products at competitive prices (Peters, 2008). Hence, it can be argued that the production performance, the association of the implementations in such performance signals as quality, speed, elasticity, and cost competence, is beneficially impacted by the innovative performance. Hence, this study hypothesizes the following:

H4. a: Innovative performance will have a positive impact on the market performance.

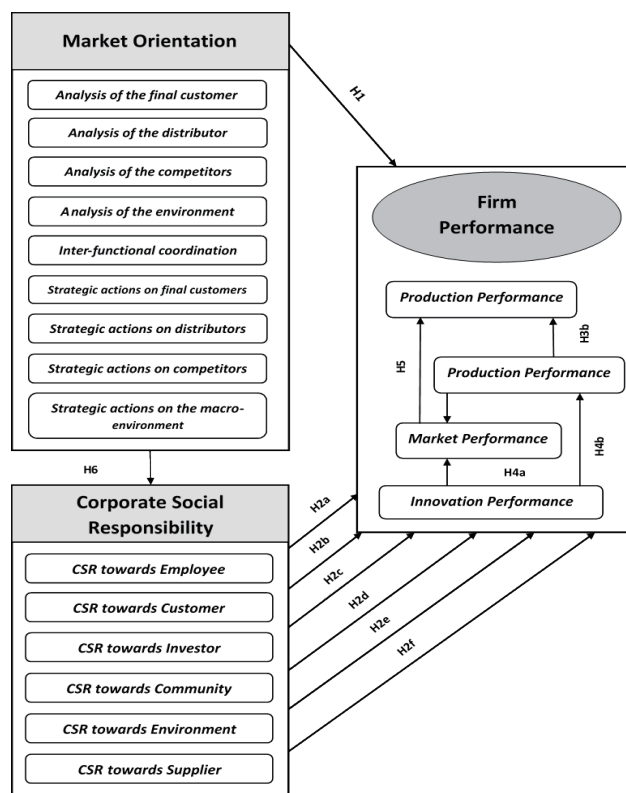
H4. b: Innovative performance will have a positive impact on the production performance.

While the present market is driven by customer, where customer base is an essential factor to achieve favorable financial consequences, marketing competence is perceived as one of the most significant sources of financial performance (Li, 2005). Therefore, According to Wang and Wei (2005) market share and sales growth is likely to have a direct contribution to the financial objectives due to the growing amount of price sales and premiums earnings and decreasing amount of insignificant unit costs that lead to a meaningful increase in the total profitability. Hence, this study hypothesizes the following:

H5: Market performance will have a positive impact on the financial performance.

Hypothetically, the attendance of CSR may strengthen the collaboration between MO and performance as CSR supports consumer and employee trust in the organization. Du et al. (2007); Sen, Bhattacharya, and Korschun (2006); Vogel (2005) argue that CSR grants MO activities with a humanistic touch that may enhance consumers’ sense of the company. It is noted that CSR “establishes a reputation that a company is reliable and honest” (McWilliams & Siegel, 2001). Moreover, CSR increases employee obligation to the organization, which eventually increases performance (Peterson, 2004). We assert that even although MO itself may produce high business performance, MO is probably to cause even higher performance when bundled with completing activities, such as CSR. The consolidation of MO and CSR has, consequently, the potentiality of creating higher performance for organizations. Therefore, we suggest the following:

H7: MO will positively affect CSR in the Saudi industrial organization.



**Figure 1**  
The Framework and Hypothesis

### 3. METHODOLOGY

#### 3.1 Sample Selection and Data Collection Procedure

The study has been established upon a survey of Saudi Arabia industrial firms. The sample included 312 organizations from a diversified amount of industries, involving chemical, petroleum, equipment and machinery,

automotive, electronics, computer, steel and metals, agriculture, and food. Data in the study has been collected by E-mail survey. 25 experimental tests have been conducted with marketing directors and administrators who are the representatives of the research sample. The purpose of initial test is to revise questionnaire to evaluate its validity and relevance of measuring the purpose it allocated for. After conducting experimental tests, adaptation has been made to the questionnaire. Questionnaires have then been sent to the marketing directors. The number of retrieved questionnaires was 293, including 211 useable questionnaires, which means, the effective response rate is almost 93.9%. Aaker, Kumar, and Day (2001) indicated that the response rate of the survey mail is acceptable if it is more than 20%. Statistical t-test has been used to assess the possibility of non-response bias. 211 is the number of questionnaires applied for analysis in this study. From 211 questionnaires which represent the sample, there were 102 questionnaires, representing 48.34 % of the sample for the companies that have an experience in the initiatives of MO and CSR ranging from 1-3 years. 109 questionnaires, representing 52.66%, indicated that their experience in the initiatives of MO and CSR has been more than three years. The results illustrate that participants have adequate knowledge of the initiatives of MO and CSR. 73% of the sample ages ranged amid 45-60 years, while 27% of the ages ranged amid 27 and 44 years. The participants with high levels of education represented about 69%. The results illustrated that non-response bias is not a noteworthy issue in our available data.

### 3.2 Measurements

Market orientation was calculated by using the MO Scale-Revised that we acquired from (Maydeu-Olivares & Lado, 2003). This scale is an abbreviated version of the MO confirmed by Lado et al. (1998) in the population of insurance companies of Belgium and Spain. Lado et al. (1998) have shortened the original MOS scale while the previous validation study extended to target all insurance companies operating in the European Union. The scale contains 30 items divided in 9 subscales. Each item is to be rated on a five-point Likert-type scale ranged from 1 (complete disagreement) to 5 (complete agreement). Items for estimation of CSR towards six shareholder groups have been acquired from (Mishra & Suar, 2010) that they developed their scale after investigating the issues covered under different global criteria. Moreover, the 27-item scale developed by Benito and Benito (2005) was embraced for the environmental section of the questionnaire. The scale contains 61 items divided in 6 subscales. Correspondingly, for CSR measurements, the respondents are required to reveal on a 5-point Likert scale ranged from 1 (complete disagreement) to 5 (complete agreement). Performance measures were also acquired from Günday, Ulusoy, Kiliç, and Alpkan (2011). The scale contains 17 items divided in 4 subscales. In total, our scale contains three major Constructs (MO, CSR, and performance) that contain

108 items divided in 19 subscales. The questions about company performance are asked applying a 5-point Likert scale, in which 1 indicates extremely unsuccessful, 2=unsuccessful, 3=similar, 4=successful and 5=extremely successful. According to Khazanchi, Lewis, and Boyer (2007), such subjective measurements maybe cause manager bias; however, they are common procedures in experimental research. Ward and Duray (2000) attribute the explanation for using such a subjective scale is that the companies are hesitant to disclose precise performance records, and directors are less desirous to participate objective performance data.

Demographic questions have been involved in the end Section. To enhance the ability of respondents to comprehend the questionnaire questions and the probability of reading correctly, the questionnaire has been examined and corrected before being presented to the respondents, through the presentation to the two groups of specialists; the first one involved some specialists in the field of our research issues in the Saudi Kingdom. The second group comprised some of marketing and business administration professors at the University of Dammam.

## 4. PROCEDURES (DATA ANALYSIS AND RESULTS)

### 4.1 Factor Analysis and Scale Reliabilities

To test the standardized validity of the measure used in the study, Confirmatory factor analysis (CFA) has been conducted, using (AMOS.16). It was recommended by Byrne (2001) using confirmatory factor analysis through exploratory factor analysis, due to its theoretical foundation to illustrate the measure errors; in addition to test one-dimensional model. 22 items symbolizing the first group have been canceled of 108 to reach the last set of items for each construct. This was established upon item-total correlations, and the standardized remaining values. Based on Byrne's conclusion (2001), that procedure was accredited. The canceled items were examined and incorporated to original conceptual definitions of the constructs. Factors, in each case, that have any meaningful changes on the construction field connected to them have not been removed. As it was apprehended initially, remaining factors were subjected to confirmatory factor analysis. Entirely standardized solution resulted from AMOS 16, using the maximum likelihood estimation resulted in that all 86 remaining items loaded exceedingly on their parallel factors, which approved the one-dimensionality of the constructs. Efficient experimental evidence of their validity has also been provided. Also t-values of burdens were high that shows sufficient convergent validity. The results of the measure model are as follows: ( $X^2$  211=193.247;  $p=0.000$ ; (GFI)=0.91; (AGFI)=0.87; (CFI)=0.93; (IFI)=0.94; (RMSEA)=0.07). This illustrates a positive adaptation. Table 1 illustrates,

what concluded by Byrne (2001) both the measure model and the standardized burdens; as well as, the crucial ratios. To determine the level of reliability of the different constructions of the study, Cronbach alpha coefficients have been calculated. It has been 0.89 (MO), 0.86 (CSR), and 0.82 (Firm Performance). Therefore, as indicated by

Nunnally (1978), the credibility has varied between 0.82-0.93, which supplied more support to make sure that all measures used in this research have acceptability and reliability. In Table 2, the internal correlation, median, and the standard deviations of the constructs used in the research are indicated.

**Table 1**  
**The Measurement Model**

Symbols	Measure Items	SCR	VE	SL	(CR)
<b>I. Market Orientation (MO)</b>					
<b>Analysis of the final customer (AFC):</b>					
AFC1	We regularly evaluate our customers' extent of contentment.	0.83	0.70	0.87	19.12
AFC2	We continuously observe the development of our present and potential customers' needs.			0.85	18.31
AFC3	We know the elements impacting our customers' purchasing customs very well.			0.84	16.82
AFC4	We gather information vital for perception of the features of new market segments (i.e. groups of customers with new needs).			0.81	14.91
AFC5	We always have full, updated, information on the development of the image of our products supported by our current and possible customers.			0.79	Fixed
<b>Analysis of the distributor (AD):</b>					
AD1	We regularly measure the extent of our distributor's contentment.	0.82	0.68	0.89	20.09
AD2	We observe the development of our distributors' needs.			0.84	16.01
AD3	We gather information on how our products merge into our distributors' activities.			0.82	14.22
AD4	We have precise knowledge of the issues that marketing our products may affect our distributors.			0.80	13.54
AD5	We always have full, current, information for observing the image of our products as supported by distributors.			0.78	Fixed
<b>Analysis of the competitors (AC):</b>					
AC1	We know our most dangerous contestants' goals and techniques.	0.85	0.74	0.91	21.81
AC2	We know our most dangerous contestants' strengths and weaknesses very well.			0.87	19.95
AC3	We have a system for exact supervision of the development of the components of our contestants' marketing policy (products/services, price, distribution and communication).			0.77	Fixed
<b>Analysis of the environment (AE):</b>					
AE1	We own systems allowing us to closely supervise alterations in the legal, social, economic, and technological environments.	0.83	0.71	0.85	17.87
AE2	We recognize the sensitive and risk elements that may affect our business.			0.78	Fixed
<b>Inter-functional coordination (IC):</b>					
IC1	Fundamental market information is always stretched out on all the company's operational fields.	0.82	0.70	0.86	18.91
IC2	Marketing techniques are always formulated in accord with the other business operations.			0.83	15.76
IC3	We have executed actions so that each person in the company feels individually committed to customer contentment.			0.81	14.91
IC4	We frequently arrange inter-functional meetings to examine all significant market information.			0.78	11.76
IC5	We support informal exchanges of information between the companies' different operations.			0.84	Fixed
<b>Strategic actions on final customers (SCFC):</b>					
SCFC1	We are faster than the competition in reacting to changes in customers' needs.	0.73	0.65	0.73	10.02
SCFC2	Our marketing scheme, with its essential modifications, is very well executed overall.			0.76	11.47
SCFC3	We grant our customers complete information so that they may utilize our products fully and are contented with them.			0.72	Fixed
<b>Strategic actions on distributors (SAD):</b>					
SAD1	We deal with our distributors as if they are our actual clients.	0.83	0.73	0.81	14.02
SAD2	We change the characteristics of our products to adapt them to our distributors' needs.			0.87	18.21
SAD3	We pledge actions to convince our distributors about the benefits they acquire from working with our firm.			0.84	Fixed
<b>Strategic actions on competitors (SAC):</b>					
SAC1	We quickly reply to the actions of the most dangerous contestants for our company.	0.81	0.70	0.78	13.41
SAC2	We pledge actions to expect the competition.			0.83	Fixed
<b>Strategic actions on the macro-environment (SAME):</b>					
SAME1	We develop techniques to enhance the protection of our sector's interests through communication and pressure groups (such as employers' associations, professional associations, etc.).	0.78	0.65	0.76	12.14
SAME2	We energetically take part in actions whose goal is to exhibit the social relevance of our sector to public opinion.			0.81	Fixed

To be continued

Continued

Symbols	Measure Items	SCR	VE	SL	(CR)
<b>2. CSR Towards Stakeholders (CSR)</b>					
<b>CSR towards employee (CSREM)</b>					
CSREM1	An identical chance work scheme			0.91	23.12
CSREM4	Policies towards disability/disability harassment forbiddance			0.84	18.91
CSREM6	Recompense of laborers as per lawfully authorized minimum wages	0.89	0.78	0.83	16.01
CSREM7	Procedures towards forbidding compulsory overtime			0.82	14.82
CSREM8	Procedures for the training and evolvement of working staff			0.81	13.91
CSREM11	The right to collective bargaining, freedom of association, and complaint measures			0.86	19.91
CSREM12	Procedures insuring safety and health at work			0.83	Fixed
<b>CSR towards customer (CSRCS)</b>					
CSRCS1	Payment conditions and competitive prices for productions corresponding with quality			0.92	24.44
CSRCS2	Procedure/management systems for customer contentment	0.86	0.75	0.89	20.69
CSRCS3	Procedure/management systems for protecting customer safety and health while consuming products			0.87	19.86
CSRCS5	Obligation to quality by a well-advanced, corporation-extended quality program			0.83	15.44
CSRCS6	Obligation to and evolvement innovation and industry research			0.80	Fixed
<b>CSR towards investor (CSRI)</b>					
CSRI2	Providing of all demanded information to credit check agencies			0.87	19.91
CSRI3	Investor complaint handling procedures	0.84	0.72	0.86	18.12
CSRI4	Regulations to reinforce auditor independence			0.84	16.01
CSRI6	Obligation to reporting on financial and non-financial problems			0.80	12.91
CSRI7	Guidelines and procedures for engaging in diversified amount of shareholder-dialogs			0.79	Fixed
<b>CSR towards community (CSRCM)</b>					
CSRCM3	Supports society through generous donations, and educational and cultural contributions			0.87	20.91
CSRCM4	Helps for third side social and sustainable development related initiatives			0.86	19.12
CSRCM5	Supporting educational programs for the advancement of corporate citizenship	0.85	0.75	0.85	18.01
CSRCM6	Supporting public procedures and practices to enhance democracy and human development			0.85	18.42
CSRCM8	Outlaws child labor, and transgression of human rights			0.83	17.02
CSRCM10	Regulations for dealing with a country that methodically transgress human rights			0.82	15.62
CSRCM11	Policy for social liability or sustainable reporting			0.81	Fixed
<b>CSR towards environment (CSREN)</b>					
CSREN1	Clear definition of environmental procedure and long term environmental schemes			0.91	22.61
CSREN2	Well explained environment responsibilities			0.91	23.12
CSREN3	Systems for measurement and estimation environmental performance			0.88	21.71
CSREN5	Procedures for replacement of polluting and materials and preservation of raw materials			0.88	20.73
CSREN8	Natural environment training for staffs	0.81	0.70	0.86	18.91
CSREN9	Choice of cleaner transportation procedures			0.85	18.17
CSREN10	Dependable removal of waste and debris, and recuperation and recycling systems			0.85	17.94
CSREN13	Production scheming decreasing energy and natural resources consuming in functions			0.83	16.17
CSREN15	Procedures for hindering direct and indirect pollution of water, air, and soil			0.81	14.82
CSREN16	Mechanisms and methods for manufacturing environmentally unharmed products			0.81	Fixed
<b>CSR towards supplier (CSRS)</b>					
CSRS1	Supervising supplier resources for safety, health and environmental dimensions			0.89	20.09
CSRS2	Procedure to guarantee moral and friendly purchase at suppliers' workplaces			0.84	17.31
CSRS3	Guidelines to pay and get competitive market prices timely to/from the supplier	0.83	0.72	0.82	15.63
CSRS4	Guidelines on limitations on the utilization of child labor, sweat shop and transgression of human rights at the suppliers' workplaces			0.80	12.54
CSRS5	Guidelines for social responsibility or maintainable reporting			0.78	Fixed
<b>3. Performance (P)</b>					
<b>Financial performance (FP)</b>					
FP1	Return on assets (profit/total assets).			0.86	16.37
FP2	General profitability of the company.	0.82	0.71	0.83	14.21
FP3	Return on assets (profit/total assets).			0.81	11.49
FP4	Cash flow eliminating investments.			0.78	Fixed
<b>Innovative performance (IP)</b>					
IP1	Reviving the managerial system and the mind set in alignment with the environment of company.			0.87	18.44
IP2	Innovations offered for work processes and methods.	0.83	0.71	0.86	16.44
IP3	Quality of new products and services presented.			0.84	15.09
IP4	New product and service projects number.			0.83	14.86
IP5	New products' percentage in the available product portfolio.			0.82	12.32
IP6	Innovations' number according to intellectual property protection.			0.79	Fixed
<b>Production performance (PP)</b>					
PP1	Elasticity of Production (volume).			0.84	15.44
PP2	Speed of production and delivery.	0.82	0.69	0.82	13.69
PP3	Production cost.			0.81	12.17
PP4	Conformance quality.			0.80	Fixed
<b>Market performance (MP)</b>					
MP1	Total sales	0.83	0.71	0.85	16.67
MP2	Market share			0.84	15.71
MP3	Customer satisfaction			0.81	Fixed

Note. SCR = (Scale composite reliability); VE = (Variance extracted); SL= (Standardized loadings); CR = (Critical ratio).



**Table 2w**  
**Construct Inter-Correlation Matrix**

Constructs	MO	CSR	IP	PP	MP	FP
MO	1					
CSR	0.727	1				
(IP)	0.466	0.370	1			
(PP)	0.487	0.712	0.770	1		
(MP)	0.268	0.354	0.404	0.735	1	
(FP)	0.329	0.301	0.403	0.437	0.841	1
Mean	4.95	4.38	3.95	3.88	3.72	4.16
Standard deviation	1.31	1.43	1.42	1.47	1.38	1.22

Note. Table 2 reports the inter-correlations, means, and standard deviations of all constructs used in the study.

## 4.2 Hypothesized Model

To assess the parameters of the hypothesized model that determined (MO) as exogenous constructs, structural modeling equations have been used. MO had correlated relationship to mediating construct, CSR had also correlated relationship to constructing Company Performance. Mediating constructs were also correlated to the company Performance. The statistics of model validity conformity indicated an extensive reliability level of the hypothesized model analysis. All have been

accepted as follows:  $\chi^2_{211}=193.23$ ;  $p=0.000$ ; degrees of freedom=98; GFI=0.92; AGFI=0.89; CFI=0.94; IFI=0.95; RMSEA=0.07. Table 3 illustrates the results of SEM. The convergent validity becomes attainable at the critical ration (CR) of the studied variables versus their corresponding latent variables (Anderson & Gerbing, 1988). If the critical rational number is more than 1.96 at the significant level of 0.05. Table 1 illustrates that the scale compound credibility and the average divergence removed for each construct has been very satisfactory. Compound reliability, a measure of internal consistency dependability, has been a further proof of convergent validity, which was computed from the solutions of AMOS.16 program. It has ranged amid 0.73 and 0.91. The extracted average variance ranged between 0.65 and 0.82 has been approved. As Hair, Jr., Anderson, Tatham, and Black (1998) indicated, it is more than the satisfactory level with previous studies. Table 3 shows that the critical ratios of the different constructions connotation obtain these standards. Thus, convergent validity of used scales; as well as, the recommended relations among different scales has been approved.

**Table 3**  
**Structural Model Estimates**

Relation	E	S. Er	C.R.	P<	S.Es
MO → Corporate social responsibility (CSR)	0.572	0.087	6.863	0.000	0.539
MO → Financial performance (FP)	0.505	0.081	6.491	0.000	0.473
Corporate social responsibility (CSR) → Financial performance (FP)	0.496	0.080	5.911	0.000	0.468
Innovation performance (IP) → Production performance (PP)	0.335	0.071	4.650	0.000	0.303
Innovation performance (IP) → Market performance (MP)	0.323	0.070	4.507	0.000	0.293
Production performance (PP) → Financial performance (FP)	0.462	0.076	5.793	0.000	0.434
Market performance (MP) → Financial performance (FP)	0.335	0.071	4.638	0.000	0.309
Corporate social responsibility (CSR) → CSREM	0.515	0.085	6.742	0.000	0.486
Corporate social responsibility (CSR) → CSRCS	0.475	0.079	6.833	0.000	0.448
Corporate social responsibility (CSR) → CSRI	0.443	0.074	5.917	0.000	0.416
Corporate social responsibility (CSR) → CSRCM	0.321	0.069	4.301	0.000	0.298
Corporate social responsibility (CSR) → CSREN	0.303	0.067	4.861	0.000	0.276
Corporate social responsibility (CSR) → CSRS	0.432	0.073	5.598	0.000	0.404
Analysis of the final customer (AFC) → AFC1	0.851	0.093	14.221	0.000	0.819
Analysis of the final customer (AFC) → AFC2	0.839	0.087	14.117	0.000	0.804
Analysis of the final customer (AFC) → AFC3	0.823	0.085	13.772	0.000	0.791
Analysis of the final customer (AFC) → AFC4	0.812	0.082	13.126	0.000	0.775
Analysis of the final customer (AFC) → AFC5	1.000			0.000	0.852
Analysis of the distributor (AD) → AD1	0.883	0.084	14.479	0.000	0.851
Analysis of the distributor (AD) → AD2	0.862	0.082	14.882	0.000	0.833
Analysis of the distributor (AD) → AD3	0.845	0.081	14.007	0.000	0.814
Analysis of the distributor (AD) → AD4	1.023	0.091	14.996	0.000	0.919
Analysis of the distributor (AD) → AD5	1.000			0.000	0.932
Analysis of the competitors (AC) → AC1	0.846	0.082	16.733	0.000	0.813
Analysis of the competitors (AC) → AC2	0.829	0.079	15.839	0.000	0.801
Analysis of the competitors (AC) → AC3	1.000			0.000	0.914
Analysis of the environment (AE) → AE1	0.893	0.083	17.341	0.000	0.861
Analysis of the environment (AE) → AE2	1.000			0.000	0.917
Inter-functional coordination (IC) → IC1	0.948	0.089	14.765	0.000	0.911
Inter-functional coordination (IC) → IC2	0.917	0.085	14.436	0.000	0.894
Inter-functional coordination (IC) → IC3	0.878	0.082	13.876	0.000	0.837
Inter-functional coordination (IC) → IC4	0.863	0.079	13.015	0.000	0.829
Inter-functional coordination (IC) → IC5	1.000			0.000	0.921
Strategic actions on final customers (SCFC) → SCFC1	0.839	0.078	13.745	0.000	0.802
Strategic actions on final customers (SCFC) → SCFC2	0.752	0.071	13.767	0.000	0.721
Strategic actions on final customers (SCFC) → SCFC3	1.000			0.000	0.923
Strategic actions on distributors (SAD) → SAD1	0.866	0.081	14.656	0.000	0.832
Strategic actions on distributors (SAD) → SAD2	0.813	0.078	14.137	0.000	0.781
Strategic actions on distributors (SAD) → SAD3	1.000			0.000	0.938
Strategic actions on competitors (SAC) → SAC1	0.837	0.081	14.449	0.000	0.812
Strategic actions on competitors (SAC) → SAC2	1.000			0.000	0.934
Strategic actions on the macro-environment (SAME) → SAME1	0.981	0.092	18.009	0.000	0.903

To be continued

Continued

Relation	E	S. Er	C.R.	P<	S.Es
Strategic actions on the macro-environment (SAME) → SAME2	1.000			0.000	0.949
CSR towards employee (CSREM) → CSREM1	0.948	0.089	17.709	0.000	0.899
CSR towards employee (CSREM) → CSREM4	0.912	0.087	17.334	0.000	0.871
CSR towards employee (CSREM) → CSREM6	0.885	0.084	16.709	0.000	0.844
CSR towards employee (CSREM) → CSREM7	0.832	0.079	15.988	0.000	0.794
CSR towards employee (CSREM) → CSREM8	0.828	0.079	14.763	0.000	0.789
CSR towards employee (CSREM) → CSREM11	0.796	0.076	13.869	0.000	0.763
CSR towards employee (CSREM) → CSREM12	1.000			0.000	0.903
CSR towards customer (CSRCS) → CSRCS1	0.923	0.088	18.844	0.000	0.891
CSR towards customer (CSRCS) → CSRCS2	0.876	0.084	16.871	0.000	0.837
CSR towards customer (CSRCS) → CSRCS3	0.834	0.079	15.340	0.000	0.806
CSR towards customer (CSRCS) → CSRCS5	0.792	0.075	13.376	0.000	0.657
CSR towards customer (CSRCS) → CSRCS6	1.000			0.000	0.912
CSR towards investor (CSRI) → CSRI2	0.917	0.087	15.919	0.000	0.879
CSR towards investor (CSRI) → CSRI3	0.881	0.084	15.765	0.000	0.853
CSR towards investor (CSRI) → CSRI4	0.789	0.073	14.781	0.000	0.766
CSR towards investor (CSRI) → CSRI6	0.759	0.071	14.009	0.000	0.732
CSR towards investor (CSRI) → CSRI7	1.000			0.000	0.907
CSR towards community (CSRCM) → CSRCM3	0.912	0.088	18.334	0.000	0.881
CSR towards community (CSRCM) → CSRCM4	0.901	0.088	18.002	0.000	0.869
CSR towards community (CSRCM) → CSRCM5	0.877	0.084	16.709	0.000	0.843
CSR towards community (CSRCM) → CSRCM6	0.832	0.080	16.188	0.000	0.800
CSR towards community (CSRCM) → CSRCM8	0.798	0.075	14.709	0.000	0.758
CSR towards community (CSRCM) → CSRCM10	0.771	0.073	14.073	0.000	0.734
CSR towards community (CSRCM) → CSRCM11	0.724	0.070	13.869	0.000	0.698
CSR towards community (CSRCM) → CSRCM12	1.000			0.000	0.893
CSR towards environment (CSREN) → CSREN1	0.947	0.090	17.709	0.000	0.910
CSR towards environment (CSREN) → CSREN2	0.934	0.089	17.703	0.000	0.901
CSR towards environment (CSREN) → CSREN3	0.902	0.087	16.869	0.000	0.889
CSR towards environment (CSREN) → CSREN5	0.894	0.086	16.334	0.000	0.863
CSR towards environment (CSREN) → CSREN6	0.877	0.083	16.109	0.000	0.847
CSR towards environment (CSREN) → CSREN8	0.861	0.082	15.832	0.000	0.829
CSR towards environment (CSREN) → CSREN9	0.823	0.079	14.709	0.000	0.800
CSR towards environment (CSREN) → CSREN10	0.803	0.077	14.488	0.000	0.793
CSR towards environment (CSREN) → CSREN13	0.781	0.074	14.240	0.000	0.752
CSR towards environment (CSREN) → CSREN15	0.776	0.073	13.871	0.000	0.739
CSR towards environment (CSREN) → CSREN16	1.000			0.000	0.907
CSR towards supplier (CSRS) → CSRS1	0.942	0.086	16.340	0.000	0.902
CSR towards supplier (CSRS) → CSRS2	0.938	0.083	15.876	0.000	0.899
CSR towards supplier (CSRS) → CSRS3	0.888	0.081	13.599	0.000	0.854
CSR towards supplier (CSRS) → CSRS4	0.834	0.079	13.016	0.000	0.802
CSR towards supplier (CSRS) → CSRS5	1.000			0.000	0.967
Organizational innovations (OIN) → OIN1	0.941	0.091	18.009	0.000	0.908
Financial performance (FP) → FP1	0.927	0.087	17.416	0.000	0.889
Financial performance (FP) → FP2	0.913	0.083	16.825	0.000	0.864
Financial performance (FP) → FP3	0.874	0.078	14.993	0.000	0.829
Financial performance (FP) → FP4	1.000			0.000	0.898
Innovative performance (IP) → IP1	0.921	0.087	18.347	0.000	0.887
Innovative performance (IP) → IP2	0.893	0.084	17.877	0.000	0.856
Innovative performance (IP) → IP3	0.854	0.081	16.823	0.000	0.822
Innovative performance (IP) → IP4	0.827	0.078	14.618	0.000	0.792
Innovative performance (IP) → IP5	0.798	0.074	13.836	0.000	0.738
Innovative performance (IP) → IP6	1.000			0.000	0.914
Production performance (PP) → PP1	0.876	0.074	15.762	0.000	0.837
Production performance (PP) → PP2	0.843	0.079	14.416	0.000	0.812
Production performance (PP) → PP3	0.813	0.074	12.873	0.000	0.784
Production performance (PP) → PP4	1.000			0.000	0.899
Market performance (MP) → MP1	0.978	0.089	21.833	0.000	0.901
Market performance (MP) → MP2	0.934	0.087	18.724	0.000	0.844
Market performance (MP) → MP3	1.000				0.947

As hypothesized, (MO) is consisted of 9 constructs, representing the Analysis of the final customer (parameter estimation=0.232, *t*-value=4.649), Analysis of the distributor (parameter estimation=0.337, *t*-value=4.435), Analysis of the competitors (parameter estimation=0.361, *t*-value=4.347), Analysis of the environment (parameter estimation=0.229, *t*-value=4.573), Inter-functional coordination (parameter estimation=0.387, *t*-value=4.441), Strategic actions on final customers (parameter estimation=0.369, *t*-value=4.292), Strategic actions on distributors (parameter estimation=0.331, *t*-value=4.491), Strategic actions on competitors (parameter estimation=0.312,

*t*-value=4.337), and finally Strategic actions on the macro-environment (parameter estimation=0.302, *t*-value=4.216). They are all significantly and positively related. Thus, as hypothesized, (MO) has been significantly and positively related with CSR (parameter estimate=0.512, *t*-value=6.227). It has been also positively related with the Company Performance (parameter estimation=0.517, *t*-value=6.345), so hypotheses H1, and H6 have been approved. The results illustrate that CSR comprised of sex constructs that are the CSR Towards Employee (parameter estimation=0.311, *t*-value=4.716), CSR Towards Customer (parameter estimation=0.326, *t*-value=4.502), CSR Towards Investor

(parameter estimation=0.373,  $t$ -value=4.443), CSR Towards Community (parameter estimation=0.301,  $t$ -value=4.173), CSR Towards Environment (parameter estimation=0.364,  $t$ -value=4.333), And CSR Towards Supplier (parameter estimation=0.373,  $t$ -value=4.458). They are all significantly and positively related. Thus, as hypothesized, (CSR) has been significantly and positively related with Financial Performance (parameter estimate=0.523,  $t$ -value=6.319), so hypotheses H2a to H2f have been approved.

As hypothesized, Innovative Performance, (parameter estimation=0.384,  $t$ -value=4.619), have a positive relationships with both Production Performance (parameter estimation=0.343,  $t$ -value=4.518) and Market Performance (parameter estimation=0.397,  $t$ -value=4.678). Furthermore, the results indicate that there is a positive relationship between Production Performance and both of Market Performance (parameter estimation=0.366,  $t$ -value=4.102) and Financial Performance (parameter estimation=0.376,  $t$ -value=4.229). In turn Market Performance is positively related with Financial Performance (parameter estimation=0.388,  $t$ -value=4.673). Hence, hypotheses H3a, H3b, H4a, H4b and H5 have also been approved.

## DISCUSSIONS AND IMPLICATIONS

The current research, consistent with some prior studies in their respective areas, confirms that MO separately has significant and positive effects on business performance (Mahmoud et al., 2010), and CSR (Luo & Bhattacharya, 2006). It is enough to say that the contribution of CSR is also meaningfully greater than that of market orientation. Only the important effect of CSR is reported when either CSR is experienced concurrently with market orientation. The difference in performance as illustrated by “CSR and MO together” is much greater than what is illustrated by MO alone. As indicated by (Qu, 2009), our results are, parallel to authors who seem to argue that the market orientation-business performance relationship is mediated by CSR. We can conveniently, on this basis, emphasize that CSR can work as the main mediators in the market orientation-business performance relationship.

The most successful companies are readdressing their concentrate to the market requirements and they are beginning to invest customer data and utilize market research to produce ideas for designing new products. In this context, these companies now confront selecting among too many new service alternatives. The managerial implicit conclusion of our study is that companies will know and serve its customers better by enhancing their market orientation. Therefore, they will create more innovations by embracing a market-based product development process. In addition, escalating levels of MO enable companies to more easily distinguish which new products have a higher likelihood of success, thus supporting both the effectiveness and competence of new product improvement.

Concerning theoretical implications of the study, the results illustrate that MO does not function in separation from other sources of competitive advantage. This means that, although a market-oriented culture is significant to arouse business performance, this study stresses that the co-embrace of MO strategy and other strategic orientations, such as CSR initiatives, has far more positive implication to business performance. In this regard, we consent superbly with Slater and Narver's (1995) proposition that creating a MO should only be the starting point. Comparing to available marketing research that emphasize the direct influence of CSR on business performance (Prado-Lorenzo et al., 2008).

According to our results, marketers that concentrate on “acting well” (CSR) will set their organizations to accomplish a superior business performance. The results also indicate that, CSR would arouse the business performance of company, especially in terms of market share and gross profit margin as the core competence for which CSR activities would lead to greater performance. Accordingly, it is crucial that managers consider CSR initiatives in the light of the firm's corporate abilities. According to Luo and Bhattacharya (2006), when managers are not able to settle their CSR initiatives with internal factors, they put their organization at risk, which could potentially lead to poor market performance. Therefore, it is rational that marketing managers, as indicated by Holmes and Moir (2007), carefully examine the organizational context in totality before implementing CSR initiatives. Mishra and Suar (2010) suggested that a positive CSR towards all the fundamental shareholders establishes a set of contented stakeholders who carry in competence profits and cost benefits through several means that eventually enhance company performance.

Earlier research, conducted by Clarkson (1995) creates the significance of main shareholders as appraise motivators of a company's performance. A direct connection amid CSR towards staffs and company performance strengthens earlier results (Berman et al., 1999). Turban and Greening (1997) indicate that Loftier CSR towards staffs in terms of staff-sensitive policies and procedures by companies supports staff productivity, decreases repeated absence, and promotes employment and keeps better quality staffs. Concentration on advanced human resource management procedures, involving, promoting and training of staffs, their contribution in problem solving, progressive compensation procedures, and complaint managing decreases the churn rate, enlarges staff productivity and financial performance. Our study concludes that interest in staffs is a part of central activities of Saudi industrial organization that enhances company performance. Saudi industrial organization have successfully merged several CSR problems connected to staffs such as workplace safety and benefit schemes into the firms' operates that eventually recompense them by improving their competitive position and profitability.

A positive CSR towards customers improve business performance. This is consistent with earlier results (Berman et al., 1999) that companies acquire by adding socially responsible factors to products. According to Graafland and Van de Ven (2006), customers tend to reward firms producing credible and better quality products, and adhere to safety criteria that enhance financial performance. A 'feel good factor' among the customers is caused toward company that has policies and procedures towards problems such as moral advertising and pricing or providing products to the economic underprivileged. On one hand, they feel satisfied and proud to be related to such corporates. On the other hand, customers boycott companies that mislead them. A company's products boycotting and campaigning and lawful actions against the firm endanger its image and unfavorably impact company performance (Berman et al., 1999). Obligation of the management towards strong controls stressing moral and social responsible attitude enhances profitability and works as a source of competitive advantage for corporates (Verschoor, 1998). Then stakeholders are increasingly confident on such companies. Investors pay a premium to purchase the shares of well-controlled companies (Coombes & Watson, 2000). Reducing the cost of capital, investors even become desirous to supply further capital to such companies at a lower rate of interest. Such factors improve company value and performance. Saudi industrial organization has to consent to various compulsory governance standards. Companies that are not able to consent to the standards have the risk of getting out of the market. This has stimulated several Saudi industrial organizations proactive in embracing corporate governance criteria.

Earlier results are supported by a positive CSR towards environment increasing business performance of companies (Alvarez, Burgos, & Cespedes, 2001; El-garaihy et al., 2014). Profitability is enhanced by environmentally consistent products, processes and administration systems either through cost savings or through income profits. As indicated by Owen and Scherer (1993), returns increase because consumers prefer products of environmentally proactive corporates. Environmental crisis, raw materials wasting, and inefficient production processes lead to environmental management systems that decrease costs (Schmidheiny, 1992). Market values of companies have a significant enlarge when they embrace environmentally proactive criteria or get environmental compensations (Klassen & Mc Laughlin, 1996).

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## **CONCLUSION, LIMITATIONS AND FUTURE RESEARCH**

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It is concluded that the market orientation-performance relationship can be more intricate than expected with companies that have to depend on some competences

in order to turn the former into a successful business strategy. The study also concludes that one of such main competences is CSR. The results of the current study sustain all six hypotheses connecting to the research model. Furthermore, the revealed mediated results supply marketing professionals with better comprehending of the market orientation's route to business performance.

The study depends only on information supplied by managers and executives working in marketing related positions. The collected data are essentially reflective of managers' assessment of MO, CSR and company performance. For that reason, this caution is likely to be addressed by future research, combining managers' assessment with a survey of consumers, employees, and other relevant stakeholders, comparing non-intuitive measures of customers, for example, with managers' assessment to create the true facts. In addition, future research in the field is proposed to use longitudinal design and objective performance measures. To be carried out, the financial statements of companies, for example, may be studied over three or more years in order to discover the direction of changes in the level of main financial performance indicants. This may be compared with managers' assessment to clarify similarities and differences in results.

Moreover, it is significant to explain CSR contribution towards creating intangible assets such as company image and reputation, which are described in Non-financial performance of a company. This study indicates CSR as a better indicator of non-financial performance. The aggregative and segregative measures of CSR are established to be the more influential supporter to the creation of intangible assets such as staff contentment, customer relationships, and interior business process competence, contrasted to the substantial financial earnings. Surveyed managers, moreover, equalized CSR with charitable activities such as executing health consciousness programs, plantation activities, and contributing for charity or sociocultural actions. They took part in the survey when it was illustrated that a suitable estimation of CSR transcends charitable donation and includes responsible business attitudes towards shareholders. This indicates that Saudi industrial organization accept responsibility of shareholder sensitive actions and procedures; however, they are not conscious that such activities could be called CSR. This study can act as a particular indicator for Saudi executives for widening their comprehending of CSR that comprises the shareholder outline. The current results are likely to be illustrated into higher number of Saudi industrial organization involving in significant CSR activities asserting shareholder relationships. Industrial sector is the main field in which the study is conducted. Future study is likely to be performed for definite industry divisions even inside the manufacturing industry such as chemical, automobile and those of the same type to present industry definite problems.

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