The Impact of Socio-Cultural Innovation and Brand Management on Financial Performance and Brand Performance of the Companies Listed in Tehran Stock Exchange

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Abstract
The paper aims at providing insights into how companies listed in stock markets can increase their share and financial resources by investing on brand management programs. In a cross-sectional survey, a variance-based structural equation modeling was used to test hypotheses and model fitness on a Proportionate stratified random sample of 80 marketing executives in Tehran stock exchange. Organisation capable of managing their brand in an organised manner could ameliorate their financial status considerably and improve their brand performance substantially. Furthermore, the links between innovative cultures, market orientation, brand management, customer and financial performance are accepted. And PLS confirms the fitness of suggested model. The paper advances the understanding of brand management in a framework of innovative culture-market orientation-brand management-brand performance and by bridging between two distinct areas of science i.e. marketing and financial management.

Keywords: Brand management, innovative culture, market orientation, financial performance, brand performance

Introduction
In most international corporations, especially those active in financial and credit markets such as stock exchange in which both financial and marketing divisions cooperate to attract people’s assets, one of the key functions is to facilitate the process of formation capital, the discussion about brand as one of their most important intangible assets seems to have more significance than before. Unfortunately, relevant researches are scarce and previous ones mostly have discussed brand equity and its impact on brand performance from costumers’ point of view (Lee et al., 2008), and the relation between brand and firms performance especially those which are active in stock exchange has not been analyzed comprehensively yet.

The subject of this research is assessing the impact of brand management on financial and brand performance based on innovative culture, market orientation, brand management, and performance among companies accepted in Tehran Stock Exchange. The question is that is it possible to measure
financial gains of the above relationship? And if possible, what are the end results for the firms’ stakeholders?

In stock exchange, companies sell their stocks through subscription, and we do not know exactly why people have a leaning toward those corporations which have fame and are so called more popular. Here, we attempt to answer this as the main question of our research. In Iran for example, because of the lack of investment banks and the possibility of manipulating purchase demands because of allocating and buying by agents, companies are not certain of being able to sell all of their stocks (Aria Trade Co., 2007). Thus, in interviews and advertisements, managers of these firms mostly refer to milieu advantages such as the accessibility to inexpensive raw materials, openness to developing domestic and neighboring markets, and also reliance on state resources. They take loans and bank resources based on their lateral advantages and the amount of sold stock – a process which its permanence cannot be guaranteed.

Objectives of this research are:

- Asserting on the role of brand management as a mediating variable between Market Orientation and brand performance, and between innovative culture and brand performance.
- Providing a context for guiding brand management and increasing customers’ and other stakeholders’ trust.
- Opening a way for companies more unknown than others in collecting capital better, and preventing the destructive circulation of wandering capitals especially in Iran’s economy.

Subsequently, we review the literature relating to the study and the research conceptual model. Then, discuss our research methodology, and data and results analysis.

**Theoretical Framework**

Economics has showed that the largest extent of commercial corporations’ value comes from options and unanticipated choices in their portfolio (Stewart, 2009). Brands are special cases of these usual choices, and are exclusive for each firm. Therefore, managers, especially those in charge of marketing boards and marketers must spend more time studying these choices. It is proved that the brand has required capabilities to create value for stockholders (Madden et al, 2006), and corporations evaluating their merit regarding their tangible assets such as factories, stocks, and cashes have changed their attitude considering brands as precious assets when evaluating themselves (Kotler and Pfoertsch, 2007) – with brands having the same importance as other tangible assets do- and approve the significance of managing them accurately and authoritatively. Powerful brands compared to other related patterns not only lead to more turnovers for stakeholders, but also do it with lesser risks (e.g., the risk of making wrong decisions) (Madden et al, 2006; Ohnemus, 2008). Concerning the contribution of marketing in the performance of firms, it can be said that the market orientation and organisational culture are two of the firm characteristics worthy to be considered in models studying adaptation of the corporations with the intensity of environmental competitions and how these characteristics impress the performance (O’cass and Ngo, 2007). Therefore, in order to overcome these limitations, we attempted to propose a model (fig. 1) including brand management from the firm’s point of view. This model emphasizes on innovative culture and simultaneously studies the role of the brand. In this study, the impacts of this kind of management on the financial and brand performance in companies listed in Tehran stock exchange will be studied where the market orientation and innovative culture are considered to be two input variables.

**From Brand to Brand Management**

Recently, brands have been the center of attention in many analyses and discussions (Aaker and Joachimsthaler, 2000; Low and Fullerton, 1994; Catsanis, 1999; Burmann et al, 2009; O’cass and Ngo, 2007; Kotler and Pfoertsch, 2007; Čapon et al, 2001; Ohnemus, 2008; Matear et al, 2004; Schroeder, 2009), and each of them, in a way, has studied one of its aspects. Brands are distinguishing names
and/or symbols (e.g., logos, trademarks, packaging designs, and spokespersons) created by producers or vendors through which they are able to introduce their commodities and/or services, and to distinguish them from their rivals’ ones. In this way, corporations can provide their customers with some values so that they are capable of supporting their target market and themselves financially (Capon et al., 2001). With respect to the brand performance for buyers and sellers, and also the fact that it is a value creation, it seems that its well organised and systematic management is necessary. Along with other studies on brand management (e.g., Davis & Dunn, 2002; Low & Fullerton, 1994; Vanakuen, 2002), Lee et al. (2008) define it as a set of any systems, organisational structure, or culture of a firm supporting brand building activities. Such a broad definition makes it possible to investigate all aspects of brand management. Brand management system includes basic activity of making the brand. It consists of infrastructure building activities but not direct brand building activities. So, brand management system refers to an organisational structure pattern in which the responsibility of the brand management and the products is taken by a so called brand manager who is in charge of brand performance. Low and Fullerton, 1994; Aaker and Joachimsthaler, 2000; and Madden et al., 2006 attempted to extend the brand concept from a sale environment to value one, and also to a more profound comprehension of the brand management within the risk management framework.

**Innovative Culture**

Deshpande et al, 1993 categorize the organisational culture based on two key dimensions (internal-external and organic-mechanistic) into four different types: clan, adhocracy, market, and hierarchy. The adhocracy type of culture is external positioning and encourages organic processes. That is organisations with a dominant adhocracy culture not only appear to foster entrepreneurship, creativity, risk taking, and the adaptability of employees, but also facilitate flexibility and spontaneity. In this study, like many other ones (O’cass and Ngo, 2007; Gainer and Padanyi, 2005; Gonzalez-Benito and Gonzalez-Benito, 2005; O’cass and Ngo, 2008), our purpose is based on Deshpande et al.’s (1993) analysis of innovative culture, and we will consider it again adhocracy culture. Innovative culture is a kind of adaptive and external positioning since it emphasizes on innovation and cultivates internally-based capabilities in order to accept new ideas, processes, products, and brands. Thus, organisations having innovative culture not only encourage the driving behaviors of the market and shape the structure of the market, but also facilitate market-orientated behaviors that generate, disseminate and respond to market intelligence in the marketplace (O’cass and Ngo, 2007). Santos, Vijande, and Alvarez-Gonzalez believe that an innovative firm must have such a powerful innovative culture that encourages individuals’ participation in innovative behaviors. Hartmann’s (2006) illustrative and internal-based approach introduces motivation as the main power by which individuals create and present innovative ideas.

**Market Orientation**

The incontrovertible assumption of marketing concept is that the market orientation is the cornerstone of the marketing theory. Recently, two dominant approaches have rapidly developed concerning market orientation concept. The first approach claims that market orientation is a collection of behavioral acts (Jaworski and Kohli, 1993; Gainer and Padanyi, 2005). The second approach considers the market orientation as an organisational culture (Narver and Slater, 1990 and 1995).

Jaworski and Kohli (1993), representatives of the first approach, interpret the concept of the market as a triple connection of activities specialized for creating an organisation-wide generation of market intelligence concerning present and future customer needs, distributing this intelligence among different units of the organisation, and organisation-wide responsiveness to that intelligence. Narver and Slater (1990), representatives of the second approach, by assessing the widespread market orientation literature found out that this composition consists of three behavioral features including customer orientation, competitor orientation, inter-functional coordination, and two decision indicators i.e. long-
term focus and profitability. Customer orientation and competitor orientation include collecting information about buyers and competitors in the target market and disseminating it to all business units. The third component relying on the customer and competitor information includes all coordinated efforts for trading—usually out of the business unit done to provide buyers and customers with a superior value (See Narver and Slater 1990; Carmen and Jose, 2008).

**Brand Performance**

Brand performance concept arises from the brand power of an organisation in the market, and many studies consider it as market share, growth rate, profitability, and so on (Weerawardena et al., 2006; O’cass and Ngo, 2007; O’cass and Ngo, 2008). The brand performance can be viewed in terms of brand accessibility to established goals of its organisation. Thus, in fact, measuring brand performance is measuring the brand relative success in the market (O’cass and Ngo, 2007). In this paper, we divide the brand performance into financial performance and customer performance.

**Financial Performance**

Stewart (2009) believes that marketing return should be explained in financial metric because:

- It is considered as the language of the company. Companies publicly report and are evaluated based on financial measures. Financial metric systems are a way of comparing similar or incomparable activities in markets, products, and customers. Financial metric systems are accounting means. Financial metric systems promote organisational learning and cross-functional teamwork because they create a shared language, and finally, financial metrics are the way to answer questions about the optimal marketing mix when one is dealing with quite distinct and different marketing activities and intermediate marketing outcomes.

- Financial analysis means using financial statements in order to analyze financial condition and enterprise performance, and estimates its performance in the future. Asking multiple questions can help us better for this analysis. Some of these questions are related to the enterprise’s future. For instance, does the enterprise have enough resources to succeed and grow? Are there enough resources for investing in new projects? What are the firm’s profitable resources? How much is the power of income making in the future? Other series of questions are concerned with the firm performance and its ability in making expected financial performance come true. Generally, financial analysis consists of profitability analysis, risk analysis, and finally, resources and expenditures analysis. Profitability analysis is resulted from assessing the return on investment. The elements of financial statements analysis are financial analysis along with strategy analysis, business environment analysis, and accounting analysis (IDRO Financing, 2006). In most past studies on marketing, the link between brand and financial performance is defined as the process of stakeholders’ value creating (Madden et al., 2006; Knox, 1995; Rajasekar et al., 2007; Catsanis, 1999; Capon et al., 2001). They have mentioned the direct link between brand equity measures and stock return.

**Customer Performance**

Customers’ aspect enables the organisations to consider and improve main measures of customer’s status evaluation including satisfaction, loyalty, maintenance, acquisition of customers, and so on. Customer’s perspective reminds managers that they should be aware of whether their organisations have been able to satisfy their customers by meeting their needs or not. In such a condition, managers are capable of answering the following questions:

- From customers’ perspective, what is the organisation’s position among its competitors?
- In order to access the organisation’s ideals, what should be done with respect to customers?
- In this study, customer performance is what firm can develop through enhancing a continuous relationship between the customer and its brand. Customer performance includes activities such as customer acquisition, customer maintenance, customer satisfaction, brand awareness, brand image,
brand relationship with firm performance (Jaworski and Kohli, 1993; Lee et al., 2008). In fact, most studies done on performance have separated customer performance from financial performance, and we almost cannot find many studies able to measure the brand performance based on all three metrics including perceptual, performance, and financial metrics, thus this research can be viewed as an innovation in the field of measuring performance.

**Literature Review**

Brand management and its influence on brand performance. By studying prior researches (e.g., Davis & Dunn, 2002; Low & Fullerton, 1994; Vanakuen 2002), Lee et al. (2008) have conceptualized the brand management system (BMS) as the degree of infrastructure building activities with respect to brand-related

- organisation and culture,
- knowledge and education, and
- Implementation and performance evaluation systems.

In order to measure BMS, we use related concepts of brand management system mentioned in Lee et al. (2008).

Rajagopal (2008) believes that the brand must be measured in a periodical manner in terms of its influence on consumers, market demand motivation, Sustaining Seasonality Effects, and interpreting opportunities for proliferation. In his opinion, this is what we call brand management. His emphasis on consumers, in fact, is the same impact the brand management can have on customers and stimulation of approaching behavior through its customer performance constructs. Souiden et al. (2006), as well, confirms this impact from the cultural aspect between western and eastern cultures. He points out to the positive relationship between those association and symbols (i.e. customer performance construct in this article), and its impact on financial performance. In a longitudinal study, Kärreman and Rylander (2008), pointing out the branding as a marketing means and a practice in the realm of meaning management. They believe that this concept can affect financial performance by its ability, reputation, credit, image, and by persuading customers and giving awareness to external stakeholders.

Matear et al. (2004) have proved that investing in the brand domain plays a role in two kinds of positional advantages (i.e. relational and brand position) and furthermore, brand position have a direct relationship with performance. Kotler and Pfoertsch (2007), as well, think that the long-term branding strategies, financial performance, and business performance of the firm have a positive correlation with the increase in inventories.

Lee et al. (2008) demonstrated that in B-B and B-C environments, the brand management system directly affect customer performance, financial performance, and brand performance, but could not confirm the direct relationship between this system and the financial performance, and this can be the obvious reason why customer performance plays as a mediator here. They have also confirmed the role of customer performance as a mediating variable between brand management system and financial performance. Ohnemus (2008), as well, concluded that the higher level of business branding in industry and B2B environments, the higher firm’s financial performance. According to Japanese managers’ opinion in Deshpande et al. work (1993), customer orientation does not have anything to do with business performance, and that it is the customer assessment which affects business performance and toward assigned direction.

**Hypotheses**

H1. The brand management has a positive impact on customer performance.
H2. The brand management has a positive impact on financial performance.
H3. Customer performance has a positive impact on financial performance.
The Influence of Innovative Culture on Market Orientation

Analyzing these two constructs shows that market orientation and innovative culture are different and also two related concepts (O’cass and Ngo, 2007a). Slater and Narver (1994) believe that developing and maintaining market orientation as one of the important elements of business culture is difficult, time-consuming, and costly work.

Generally, There are two opponent view concerning market orientation and innovative culture. In one of them, market orientation facilitates innovative culture, and in the other one, the reverse is true (O’cass and Ngo, 2007, A). This paper, like these two researchers’ studies argues that having a unique type of organisational culture (such as innovative/adhocracy culture) helps the firm to be market oriented. In Low et al. studies, as well, innovation has a direct relation with market orientation (customer orientation, competitor orientation, and inter-functional coordination), and both of these constructs have a positive correlation with firm performance and the firm competitive environmental change degree. Menguc and Auh (2006) and Carmen and Jose (2008) believe that the positive relation between market orientation and performance will be more powerful at the presence of supplementary resources such as innovativeness. So, organisations whose culture is of innovative type pursue market-oriented behaviors. This is why innovation culture does not reduce driving resources or whatever that can be found in the marketplace. Therefore:

H4. Innovative culture has a positive impact on firm market orientation.

The Influence of Innovative Culture on Brand Management and Financial Performance

Organisations with strong innovative cultures may be aware of that building a successful brand may not always depend on the interpretation of feedback received from current customers and competitors, but instead upon organisations’ ability to innovatively develop unique ways of delivering superior value to customers (O’cass and Ngo, 2007b). Innovative culture enables the organisation to create opportunities through guiding the market and the means in its hand such as the brand, and by its innovative suggestions such as managing the innovation creatively, and also increase its own brand performance to a higher level than its rivals’ which only react to the market (O’cass and Ngo, 2007a).

According to Weerawardena et al. (2006), organisational innovation enables the firms to achieve to a better management and performance in micro level as brand (i.e. financial performance). About the role of the culture, Schroeder (2009) believes that cultural codes are able to limit the way brands make values. In other words, organisational culture plays a key role in motivating innovative behaviors since it causes the organisation individuals to believe in innovation as an organisational value and accept the dominance of innovation-based norms (Hartmann, 2006). Thus:

H5. Innovative culture has a positive impact on brand management.

H6. Innovative culture has a positive impact on financial performance.

The Influence of Market Orientation on Brand Management and Customer Performance

Market orientation is putting the culture of the market into action. It emphasizes on competitiveness and market superiority (Deshpande et al., 1993). Market orientation implies firm’s attempts to enhance customers’ needs, response to competitors’ tactics, and inter-functional coordination (See Narver and Slater, 1990). These market orientation dimensions have a direct link with brand-related attempts. O’cass and Ngo (2007a,b) argue that organisations which pursue market orientation are more likely to possess strong brands because they have a close relation with customer performance. Fundamentally, all researches studying the relation between market orientation and performance mostly have scrutinized the influence of this market orientation on customer performance (Ngo and O’cass, 2008; O’cass and Ngo, 2007 a; Kärreman and Rylander, 2008; Schroeder, 2009; Burmann et al., 2009). However, these researchers have not divided the brand performance into financial and customer performance in their studies, and have used just financial measures (i.e. financial performance) to operationalize brand performance. Matear et al. (2004), as well, has approved the direct impact of
market orientation on brand equity and awareness. In addition, Lee et al. (2008) has stated the positive impact of market orientation on brand management system, and indicating the necessity of this orientation on persuasion brand management strategically.

The direct link between market orientation and organisational performance has been empirically interpreted in many studies, and there seems to be convergences among those empirical activities which support the positive relation between market orientation and performance (Narver and Slater, 1990; Jaworski and Kohli, 1993; Deshpande et al., 1993; Slater and Narver, 2000; Low et al., 2007; Menguc and Auh, 2006). But, some of them have mentioned various approaches and conclusions in studies concerning the relation between the two constructs (Gonzalez-Benito and Gonzalez-Benito, 2005; Gainer and Padanyi, 2005). Therefore:

H7. Market orientation has a positive impact on brand management.
H8. Market orientation has a positive impact on customer performance.

On the whole, the conceptual model of the research is shaped like the following fig I.

Figure 1: The Conceptual Model with Hypothesized Relationships

Methodology

In this research, our statistical population includes companies listed in Tehran Stock Exchange. “The regarded population” is derived from the main population by using some limitation, and is studied practically. In this study, companies listed in Tehran Stock Exchange which have the following characteristics make up the observed population:

- Having at least a three-year work experience. They must be accepted in Tehran Stock Exchange and be in the list before 2005, and must have, at least, one competitor with the same status in the stock exchange.
- Their financial information must be available in Tehran Stock Exchange during and before 2005.
- According to the undertaken division, these firms must have independent marketing and selling units in their belonged organisation, and must have business, marketing, or sales manager.
- They should be active in Tehran Stock Exchange i.e. their stocks should be deal during the research time period.

According to Tehran Stock Exchange official site, the total number of listed companies in this market is 453. After omitting 115 companies because of the closure of omission of their symbol, and 4 companies active in financial mediating (because of lack of independent marketing unit), and 10
companies active in production of metallic minerals (because of the spontaneous high demand for their products), and 21 companies entering after 2005 (insufficient working experience), finally, our statistical population consists of 303 companies which have the expected characteristics. To answer the questionnaires, we have employed the firm’s highest individual in charge of marketing and sales affairs (positions such as marketing assistant, business assistant, and so on).

**Sampling Method**

In this study, we have used ‘Proportionate stratified random sampling’ method in which studied population units are classified in categories more identical in term of variable quality, then some samples are drawn from each category (sekaran, 2006). To indicate the sample size, groups of stock exchange firms are considered as the categories, and each of these categories, regarding the number of their subset firms than all firms in that category, have a known coefficient in order to select the number of firms from each industrial group (Table 1). Afterward, the selected firms of each category will be chosen randomly.

The number of samples from each category (industrial group) is obtained from the following formula:

\[ n_i = n \frac{N_i}{N} \]

In which, “\( N_i \)” is the number of companies in the “\( i \)” category, “\( n \)” is the total number of samples, “\( N \)” is the total number of companies in our regarded population, and “\( n_i \)” is the number of sample firms in the “\( i \)” category.

**Determining the Research Sample Size**

Based on the undertaken pre-test from a sample of 30 individuals, and the point that in this pre-test, only 6 out of 30 marketing executives agreed with the idea of brand management impact on financial and brand performance, our success ratio (P) will be 0.2, error coefficient (\( \varepsilon \)) will be 0.08, and so the sample size based on Cochran’s formula is 80 firms.

<table>
<thead>
<tr>
<th>Category</th>
<th>The specific coefficient of sampling in each category</th>
<th>The number of firms in each category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, chemical, medicinal</td>
<td>0.28</td>
<td>22</td>
</tr>
<tr>
<td>Oil, minerals, fundamental metals</td>
<td>0.29</td>
<td>23</td>
</tr>
<tr>
<td>Machinery, radio and television, medical tools, computer, technical services, spare parts</td>
<td>0.24</td>
<td>20</td>
</tr>
<tr>
<td>Banks, investment corporations</td>
<td>0.09</td>
<td>7</td>
</tr>
<tr>
<td>Transportation, Warehousing, communications</td>
<td>0.03</td>
<td>2</td>
</tr>
<tr>
<td>Tile and ceramic</td>
<td>0.03</td>
<td>3</td>
</tr>
<tr>
<td>Tenement and overbuilding</td>
<td>0.04</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>80</td>
</tr>
</tbody>
</table>

\[ n = \frac{N \cdot \frac{Z^2 \cdot p(1-p)}{\varepsilon^2}}{N^2 (N-1) + \frac{Z^2 \cdot p(1-p)}{\varepsilon^2}} \]

\[ n = [303 \times (1.96)^2 \times 0.2 \times 0.8] ÷ [(0.08 \times (303 - 1)) + (1.96)^2 \times 0.2 \times 0.8] = 80 \]

The number of all categories of companies listed of stock exchange is 37 categories. Because of the dispersal of subset firms belonging to each category, and the probability of limited influence of the difference between categories on the results of the research, we reduced these categories to 7 groups.
These categories and the number of firms in each category are shown in Table 1 to determine the sample size.

Collecting research data

Questionnaire
The necessary data to test the research hypotheses are attained through distributing an internationally standardized questionnaire using telephone, fax and email survey and consists of the following constructs:

**Market Orientation.** In this study, we have used Narver and Slater’s indicator. Narver and Slater’s method is more matched with the data source of this research, since Narver and Slater (1990, 94 and 95) define the market orientation with regard to organisational culture. We have used a seven-point Likert scale (scale poles ranging from “strongly disagree” to “strongly agree”) to measure its three major components i.e. customer orientation, competitor orientation, and inter-functional coordination. Each one of these three components has three questions.

**Brand Management.** To measure this construct, we have used Lee et al.’s (2008) indicator based on seven-point Likert scale items. In this construct, five items are concerned with the culture and organisation relating the brand, senior brand manager’s interests, brand manager system, brand manager authority, sharing brand information, and motivating the employees to create the brand. Furthermore, there are four other items concerning brand knowledge and teaching, Brand education for managers and employees, practical trainings/trainings in workshop environments, and individual attempt to perceive how brand are created.

**Customer Performance.** Customer performance is conceptualized as a performance that can be enhanced by the continuous relationship between a customer and a brand. It consists of customer acquisition, customer maintenance, customer satisfaction, brand awareness, brand image, Brand's self connection with customers, and so on. To measure the customer performance, we have used Jaworski and Kohli’s (1993) nine-item indicator which was also applied by Lee et al. (2008).

**Innovative Culture.** Innovative culture was measured by a twelve-item scale. This scale is based on the work of Deshpande et al. (1993) which emphasizes on the key aspects of innovativeness from the cultural viewpoint including encouraging innovation, receptive to new ways of doing things, decentralization decision making, and promoting open communications. It has been measured using Likert’s seven-point scale. This scale have been used by O‘cass and Ngo (2007a, b), and Weerawardena et al. (2006).

**Financial Performance.** financial performance is conceptualized by assessing financial statement concerning a brand by marketing manager, and according to Jaworski and Kohli’s (1993), Staler and Narver (1994), and Lee et al. (2008), we use five item to measure it. Four items include sales growth, profit margin, market share, and ROI. And according to our research goal, one more item is added to the above questions concerning the number of shares offered.

Result and Discussion

Validity needs the research tool to measure the variable the researcher is going to measure (Kerlinger, 1986). Moreover, the questionnaire has been internationally standardized and its questions have been used by other scientific researches abroad, and some marketing experts and two experienced executive marketing managers of the country have confirmed it (validity by means of experts’ view). Even after collecting data, convergent and discriminant validity were measured by PLS software, and the results also confirmed its validity. In other word, Results of analysis for convergent validity confirmed that all constructs met the Fornell and Larcker criteria of .0.50 and since the correlation between two composite constructs is not higher than their reliability estimates, Discriminant validity can be verified (O’Cass and Ngo, 2007a).
The research tools, as means of collecting data, must be reliable so that the researcher can trust attained results (Kerlinger, 1986). Cronbach’s Alpha method has been used in a way that the amount of Alpha has been measured by SPSS software after distributing 30 questionnaires as our pre-test. The amount of Alpha related to each variable can be seen in Table II. According to Nunnally, if cronbach Alpha is more than 0.7, the questionnaire is reliable (Sekaran, 2006). In accordance with Table II since the amount of Alpha related with each variable and total of Alpha are more than 0.7, our questionnaire is reliable.

Table II: The amount of cronbach $\alpha$

<table>
<thead>
<tr>
<th>Variable</th>
<th>Market orientation</th>
<th>Brand management</th>
<th>Customer performance</th>
<th>Innovative culture</th>
<th>Financial performance</th>
<th>Brand performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Coefficient</td>
<td>0.8652</td>
<td>0.9026</td>
<td>0.9193</td>
<td>0.9231</td>
<td>0.9219</td>
<td>0.9363</td>
</tr>
</tbody>
</table>

Model Analysis

To study causal relations between variables accordantly, there have been many attempts in recent decades. One of the promising procedures in this field is analyzing the model fitness by structural equations modeling softwares such as PLS. We have used PLS 8.80 to analyze the model fitness and path coefficient. When variable correlation matrix calculated, the model can be analyzed by means of PLS and its fitness can be tested for the population from which the sample has been obtained. This analysis provides some estimates from the model parameters (path coefficients and error sentences), and some indexes for goodness of fitness (Schumacker and Lomax, 2004).

The descriptive statistics are presented in Table III. The data for this research were collected from July 6, 2009 to August 30, 2009. The respondents include firm’s highest individual in charge of marketing and sales managers (such as marketing assistant, business assistant and so on) based on Tehran Exchange market condition. The total number of responses used for analysis is 80, i.e., 41 from B–B environments and 39 from B–C environments, respectively. The unit of analysis is brand and we analyze data at the brand level. The sample consists of 69 physical product brands and 11 service brands. In this research, the analysis unit is the brand, and our analyzing level is done at the brand level. If there are several brands in a production unit, we choose just one brand from each business unit. Moreover, the total number of brands used in this research for each firm is limited to a maximum of three brands. Here, like Lee et al. (2008), brands will be chosen based on market performance (three top brands available in each sales amount). By doing this, we were going to prevent sampling biases resulted from the method of data collection.
Table III: Samples’ descriptive information

<table>
<thead>
<tr>
<th>Characteristics explanation</th>
<th>Number</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>64</td>
<td>80</td>
</tr>
<tr>
<td>female</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Level of education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below associate</td>
<td>11</td>
<td>13.8</td>
</tr>
<tr>
<td>Bachelor</td>
<td>37</td>
<td>46.3</td>
</tr>
<tr>
<td>Master</td>
<td>27</td>
<td>33.8</td>
</tr>
<tr>
<td>PHD</td>
<td>5</td>
<td>6.3</td>
</tr>
<tr>
<td>Field of activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical brand</td>
<td>69</td>
<td>86</td>
</tr>
<tr>
<td>Service brand</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Firm’s market type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2B</td>
<td>41</td>
<td>51.3</td>
</tr>
<tr>
<td>B2C</td>
<td>39</td>
<td>49.7</td>
</tr>
</tbody>
</table>

Model Fitness

We use PLS for data analysis. PLS is similar to LISREL but more flexible in that PLS does not require normally distributed data or well-established theory-based hypotheses (Fornell & Larcker, 1981). Tables IV, V represent the model fitness test. First, we adopt a bootstrapping method to test statistical significance levels and cross validity for manifest variables of latent constructs in order to investigate the relationship among constructs. For measurement model fitness we use communality average and Cronbach α, and for structural model fitness we use R2.

T-statistics of measurement variables of constructs are statistically significant and cross-validity is high too. Communality statistics which represent the model fitness of measurement model are higher than 0.5 criteria. The values of Cronbach α after collecting questionnaire are also above 0.8, and thus we can conclude that the reliability of measurement variables is high. The values of R2 of Brand Management and financial performance (which represents the structural model fitness) are relatively high for companies.

Table IV: Measurement model and structural model fitness

<table>
<thead>
<tr>
<th>Parameter and Fitness Construct</th>
<th>Minimum of T-statistic (parametric)</th>
<th>Measurement Model Fitness</th>
<th>Structural Model Fitness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Communality Average</td>
<td>Cronbach α</td>
</tr>
<tr>
<td>Brand Management</td>
<td>18.163</td>
<td>0.716</td>
<td>0.901</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>10.801</td>
<td>0.706</td>
<td>0.916</td>
</tr>
<tr>
<td>Innovative Culture</td>
<td>8.795</td>
<td>0.663</td>
<td>0.870</td>
</tr>
<tr>
<td>Customer Performance</td>
<td>13.003</td>
<td>0.736</td>
<td>0.927</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>11.036</td>
<td>0.665</td>
<td>0.873</td>
</tr>
</tbody>
</table>

The test results are shown in Table. V. In terms of statistical significance, sequential impacts are clearly revealed. For financial performance, brand management is the major factor not customer performance; for customer performance, brand management and market orientation are the major factors. Similarly, for brand management, market orientation plays the important role and innovative culture doesn’t do so much. Therefore, as you see in Table 5 H1, H2, H4, H6, H7 and H8 are supported. Other proposed hypotheses, H3 and H5 are not supported. This result for supported hypothesis is consistent with Lee et. al (2008) except for H2, H3 and H7 under B-B environment and O’cass and Ngo (2007a). Additional analysis shows that a path between customer performance and financial performance (this does not reach the significant level) does not produce results distinct from the current model. Furthermore, H5 (a path between innovative culture and brand management) is not supported. The result for this new argument is inconsistent with our conception and may be the lack of manager’s awareness in Iranian stock exchange and other condition affect the expectation.
We hypothesized that brand management could have an impact on financial performance. This direct contribution of brand management doesn’t confirm in Lee et. al (2008), and our result show that the brand management effecting on customer performance is higher than market orientation. So we can conclude that brand management can play as a mediating variable between market orientation and customer performance but not between innovative culture and customer performance.

**Conclusion**

In most international corporations, especially those active in financial and credit markets such as stock exchange in which both financial and marketing divisions cooperate to attract people’s assets, one of the key functions is to facilitate the process of formation capital, the discussion about brand as one of their most important intangibility assets seems to have more significance than before. The subject of this research is assessing the impact of brand management on financial and brand performance based on innovative culture, market orientation, brand management, and performance among companies accepted in Tehran Stock Exchange.

Here, we found out that activities concerning brand creation must be considered as the most important functions in order to have a successful firm. Thus marketing managers of companies listed in Tehran Stock Exchange should do their best to clarify the role of brand management for the organisation they work for. An influential brand management helps businesses to comprehend how brands work in a framework of customer’s preferred values, and versus competitor brand (Rajagopal, 2008).

Generally, considering problems of stock subscription in most listed firms of Tehran Stock Exchange, and challenges these firms confront to have financial support such as lack of investing banks in Iran, and sometimes, the destructive mediatory role of agents, firms can build a base to reduce their investment risks through investing in the brand domain, and even, through enhancing their brand equity in the eye of shareholders and other profiteers, they can catch capital and financial support for their company in a more economical way. It is suggested to the firms active in Tehran Stock Exchange that they try to found innovative culture and welcome new ideas. If such a culture is stabilized in organisations, its influence can be seen in market-orienting and financial performance but not on brand management. The results of this research show that shareholders and profiteers of listed firms of stock exchange, in terms of the key influential relations impressed by the brand and the brand equity, should insist on systematic functional feedbacks from the firm, and take into account their performance with respect to both mental and emotional aspects in the eye of customers. One of Our interesting results (inconsistent with Lee et. al (2008)) is that companies marketing mangers which are active in stock exchange don’t aware of customer performance effect on financial performance and don’t consider customer evaluation about their brands. So, they should consider this issue.

**Limitations of the Research**

Using cross-sectional data, the low number of samples, native and national character of our sampling all of them can limit results generalization. Moreover, acquiring information from marketing managers can not be a steady basis to generalize the results- because there might be differences between marketing managers’ viewpoints ant that of financial managers. Therefore, on the way to acquiring information, other stockholders opinions must be taken into account.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>H1</th>
<th>H2</th>
<th>H3</th>
<th>H4</th>
<th>H5</th>
<th>H6</th>
<th>H7</th>
<th>H8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Path Coefficient</td>
<td>0.420</td>
<td>0.388</td>
<td>0.024</td>
<td>0.629</td>
<td>0.215</td>
<td>0.326</td>
<td>0.521</td>
<td>0.451</td>
</tr>
<tr>
<td>t-value</td>
<td>3.742</td>
<td>3.097</td>
<td>0.133</td>
<td>8.704</td>
<td>1.684</td>
<td>2.435</td>
<td>4.208</td>
<td>3.735</td>
</tr>
<tr>
<td>Result</td>
<td>Accept</td>
<td>Accept</td>
<td>Reject</td>
<td>Accept</td>
<td>Reject</td>
<td>Accept</td>
<td>Accept</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Table V: SEM results
References


