ผลกระทบของการวางแผนกำไรเชิงรุกที่มีต่อการขยายกิจการไปข้างหน้า และประสิทธิผลทางการตลาดสำหรับธุรกิจส่งออกในประเทศไทย

ณัฐวงศ์ พูนพล[1*], สุมาลี ลิ้มสุวรรณ[1], กฤตยา แสงบุญ[1]

[1]คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม, มหาสารคาม 44150, ประเทศไทย

บทคัดย่อ

การวิจัยครั้งนี้มีวัตถุประสงค์ เพื่อทดสอบผลกระทบของการวางแผนกำไรเชิงรุกที่มีต่อประสิทธิผลทางการตลาด ภายใต้เงื่อนไขที่กำหนดให้การขยายกิจการไปข้างหน้าเป็นตัวแปรคั่นกลางสำหรับธุรกิจส่งออกในประเทศไทย ผลการวิจัย พบว่า การวางแผนกำไรเชิงรุกที่ประกอบด้วย การจัดสรรทรัพยากร การพยากรณ์รายได้ และการมุ่งเน้นที่ผลกำไร มีผลกระทบเชิงบวกต่อการเติบโตทางด้านการลงทุนทางการเงินหรืออสังหาริมทรัพย์ รวมถึงการมีนวัตกรรมองค์กร เป็นตัวแปรสอดแทรกระหว่างการวางแผนกำไรเชิงรุกและการขยายกิจการไปข้างหน้า นอกจากนั้น การขยายกิจการไปข้างหน้าโดยมีการเติบโตทางเศรษฐกิจเป็นตัวแปรสอดแทรก ส่งผลกระทบเชิงบวกต่อประสิทธิผลทางการตลาดอีกด้วย ดังนั้น การตัดสินใจของผู้บริหารที่มีหน้าที่และความรับผิดชอบในระดับต่างๆ ควรมุ่งเน้นการวางแผนกำไรเชิงรุกที่สามารถนำไปปรับปรุงและพัฒนาปริมาณการขายและกำไร เพื่อการบรรลุเป้าหมายตามที่ได้พยากรณ์ไว้

คำสำคัญ : การวางแผนกำไรเชิงรุก; การขยายกิจการไปข้างหน้า; ประสิทธิผลทางการตลาด; นวัตกรรมองค์กร; การเติบโตทางเศรษฐกิจ

*Corresponding author: E-mail address: nuttavong.p@mbs.msu.ac.th

PROACTIVE PROFIT PLANNING OF THE FIRMS WITHIN EXPORT BUSINESSES OF THAILAND: IMPACTS ON FORWARD INTEGRATION AND MARKET EFFECTIVENESS

Nuttavong Poonpool[1], Sumalee Limsuwan[1], and Krittaya Sangboon[1]

[1]Mahasarakham Business School Mahasarakham University, Mahasarakham 44150, Thailand

ABSTRACT

This article is about the effects of proactive profit planning on marketing effectiveness. The study examines the relationships between proactive profit planning and forward integration, where organizational innovation is taken as a moderator. The findings show that proactive profit planning, which consists of resource allocation, revenue forecasting, and margin orientation has the positive effect on forward integration. And organizational innovation moderates the relationship between proactive profit planning and forward integration. Interestingly, economic growth also moderates the relationship between forward integration and marketing effectiveness. Therefore, a key decision for managers in all levels and functions is to focus on proactive profit planning that can improve and develop sales forecast and gross profit to achieve the forecast goal

Keywords: Proactive profit planning; forward integration; marketing effectiveness; organizational innovation; and economic growth.

Introduction

There are different types of risk in business, however; planning helps to forecast these business-related risks and takes necessary precautions to avoid these risks (Evanschitzky, Wangenheim & Wünderlich 2012). Planning makes optimum utilization of all available resources that help to reduce wastage of important resources and avoid firms duplication (Dimitrios, Sakas & Vlachos, 2013). Proactive profit planning aims to give highest returns at the lowest possible cost and also increases the overall efficiency (Chen, 2014). Hence, proactive profit planning is simply the development of firm's operating plan for the coming period which consists of resource allocation, revenue forecasting, and margin orientation (Getz & Petersen, 2005).

Firstly, resource allocation refers to determine the optimal resource allocation of financial resources, technological resources, and human resources. Resources need to be sufficient to meet the operational and strategic goals of firm. (Huang, Van & Lu, 2011). Secondly, a revenue forecast refers to a prediction based on past sales performance and an analysis of expected market conditions (Henderson & Marks, 2013). Conducting a revenue forecast will provide a firm with an evaluation of past and current sales levels and annual growth, and allow firm to compare itself to industry norms (Whitfield & Duffy, 2013). Finally, a margin oriented strategy involves setting prices for products which will guarantee firm will make money on each sale (Chad, 2013). Firm determines firm's cost for manufacturing each product, and then adds a percentage for margin (Getz & Petersen, 2005).

Proactive profit planning is a key piece of information that should be analyzed when manager is considering investing in a firm (Dziadosz, 2013). Proactive profit planning can tell if the business has had enough funds to cover future expenses, savings and potential investment. A higher the percentage of resource allocation, revenue forecasting, and margin orientation indicates a higher level of funds available for current or future business needs (Lumbreras, Ramos & Sánchez, 2014). Funds availability is evolving the content of forward integration which it is a key strategy to expand firm. Forward integration may be opening a new location, entering new markets, exporting, or buying another business (Della Lucia, 2013).

However, firm will pursue forward integration when proactive profit planning is affected from organizational innovation because organizational innovation creates operational excellence and organizational agility through working with truly effective leadership and strong skilled people which moderating effects to proactive profit planning and forward integration (Sato, 2012).

Moreover, forward integration is likely to be more complex (e.g., opening a new location, entering new markets, exporting, or buying another business) and it elicits the full commitment to customer who will get far greater satisfaction or call that marketing effectiveness. Marketing effectiveness includes sales per customer, new customers, market share, customer satisfaction, customer loyalty, and margin (Zee, Stotsky & Ley, 2002).

Nevertheless, firm will be more successful in market ing effectiveness when forward integration is affected from economic growth which is moderator. Because fast economic, financial, social, technological, and political growth determines the rate and direction of investments in forward integration. Thus, economic growth will positively moderate the forward integration more easily to achieve in selling more to existing customers, entering new markets, or introducing new products or services (Della Lucia, 2013).

The purpose of this study is to test the effects of proactive profit planning on market effectiveness via forward integration as a mediator, forward integration which is the mediating effect of the relationship between proactive profit planning and market effectiveness, and organizational innovation which is the moderating effect of the relationship between proactive profit planning and forward integration. This research also tests economic growth which is the moderating effect of the relationship between forward integration and market effectiveness.

Literature review

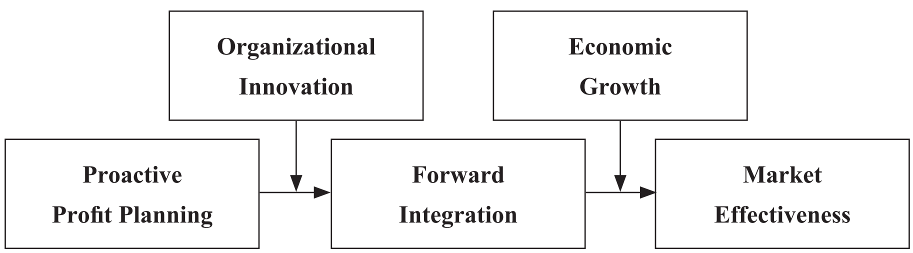

Figure 1 The effects of proactive profit planning on market effectiveness of the firms within export business of Thailand

The research model of this study is illustrated in figure 1. It shows the effects of proactive profit planning including resource allocation, revenue forecasting, and margin orientation on marketing effectiveness via the forward integration as a mediator. The organizational innovation is the moderating effect of the relationship between proactive profit planning and forward integration. And, the economic growth is the moderating effect of the relationship between forward integration and market effectiveness.

Effects of resource allocation

Resource allocation is one of the key components of proactive profit planning. Resource allocation is a process and strategy involving a firm deciding where scarce resources should be used in the production of goods or services (Angelou & Economides, 2014). Resources include such things as labor, real estate, machinery, tools and equipment, technology, and natural resources as well as financial resources such as money (Della Lucia, 2013).

Optimizing allocation of resources among new forms of collaboration, communication, and coordination as organizational innovation is another way to improve effectiveness and efficiency, ensuring that an investment is a monetary and nonmonetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price (Della Lucia, 2013). Thus, resource allocation seems to have a positive relationship with forward integration via organizational innovation as a moderator. Therefore, the following hypotheses are posited:

H1a: The higher the resource allocation of proactive profit planning, the more likely that the firm will achieve greater forward integration.

H2a: Organizational innovation will positively moderate the resource allocation of proactive profit planning to forward integration.

Effects of revenue forecasting

Revenue forecasting is a part of proactive profit planning. Revenue forecasting is the process of estimating what firm business's sales are going to be in the future. Revenue forecasting is an integral part of business management (Chang, Ku & Fu, 2013). The process of preparing a sales forecast for a new business involves researching firm target market, firm trading area and firm competition and analyzing firm research to guesstimate firm future sales (Henderson & Marks, 2013).

A sales forecast is a projection of the expected customer demand for products or services. Companies try to forecast sales in hopes of identifying patterns so that revenue and cash flow can be maximized (Hyder, 2008). Sales forecasting consists of short, intermediate, and long term forecasting. Short-term forecasting is a maximum of three months and is often effective for analyzing budgets and markets. Intermediate forecasting is between a period of three months and two years and may be used for schedules, inventory and production (Kaplan & Leonard, 2012). Long-term forecasting is for a minimum of two years and is good for dealing with growth into new markets or new products.

Organization's innovation strategy is going to top line growth; expected new revenues is an important part of benefits. Also, firms are much likely to be able to benefit from new product costs that are the results of product design and manufacturing decisions (Padhi & Aggarwal, 2011). Organizational innovation creates new facilities to manage sales growth which can strongly affect decision-makers to develop an understanding of available funding and assess the level at which capital investment can be made (Ramnath, Rock & Shane, 2008). Thus, revenue forecasting seems to have a positive relationship with forward integration via organizational innovation as a moderator. Therefore, we posit the hypotheses as follows:

H1b: The higher revenue forecasting of proactive profit planning, the more likely those firms will achieve greater forward integration.

H2b: Organizational innovation will positively moderate the revenue forecasting of proactive profit planning to forward integration.

Effects of margin orientation

Margin orientation is a part of proactive profit planning. The important key of margin orientation is a profit-oriented pricing strategy which involves setting prices for firm's products that will guarantee firm to make money on each sale and determine firm's cost for manufacturing each product, and then add a percentage for profit for high margin or specific profit objective (Getz & Petersen, 2005).

Perhaps the most important factor in developing an innovation strategy is recognizing that innovation is not an isolated activity (Karabag & Berggren, 2014). It's both the result and driver of growth and collaboration. Innovative technologies, such as machine power and the transistor, transform societies and propel economic growth (Morgan & Strong, 2003). Countries and regions with policies that support talent, knowledge transfer and increased R&D spending are well positioned to reap the economic rewards of globalization.

Margin orientation is enhanced with innovation capabilities such as producing program, designing and delivery related to innovations on a consistent basis (Parhankangas & Ehrlich, 2014). Best innovator competition met and debated how to leverage innovation strategies to drive profitable growth. Margin orientation via organizational innovation indicates that firm has the ability to manage, organize, cultivate and nurture creative thinking which is directly linked to invest in improving the firm's infrastructure and monetary fund (Morgan & Strong, 2003). Thus, margin orientation seems to have a positive relationship with forward integration via organizational innovation as a moderator. Therefore, we posit the hypotheses as follows:

H1c: The higher margin orientation of proactive profit planning is the more likely those firms will achieve greater forward integration.

H2c: Organizational innovation will positively moderate the margin orientation of proactive profit planning to forward integration.

Consequences of forward integration

Forward integration focuses on companies looking for growth of capital to expand their businesses, as well as to participate in selected larger firms (Zee, et al., 2002). Firms are seeking to invest in companies with established business models that need both financing and engaged value-added stakeholders that help to gain customers and others as respondents. Firms also need to be able to update existing responses to product and service to the next level of firm in the future. Economic growth requires expansion of expenditures for business plant and equipment for state and local governmental facilities, and for residential construction. Firm must regularly monitor and review investment options in the defined contribution scheme that firm runs (Sacui and Dumitru, 2014). This will help firm to ensure the default strategy and other investment options remain suitable and meet their objectives and market effectiveness. Thus, this research implies that a firm with high forward integration under economic growth will gain high marketing effectiveness. Hence, the following hypotheses are proposed:

H3 : The forward integration will have a positive relationship with market effectiveness.

H4 : Economic growth will positively moderate the forward integration to market effectiveness.

Research methods

Sample

For this research, the sample was selected from the firms within export businesses of Thailand. A mailed survey was used for data collection. The questionnaire was sent to 864 the firms within Industrial Estate Authority of Thailand. There are two zones of Industrial Estate Authority of Thailand which are general zone and export zone. We use data from companies of IEAT-FREE ZONE of Industrial Estate Authority because they are numerous and a key factor of economic situation in Thailand. And Thailand's government promotes the export of goods and services to international companies are able to find customs located in industrial estate authority of Thailand. The key participants in this study were chief executive officers (CEO). Only 293 questionnaires were usable because they were completed and returned. The effective and usable response rate was approximately 35.17%. (Aaker, Kumar & Day 2001). However, the non-response bias did not appear to be a problem in the study on an overall basis.

Measure

All the variables were obtained from the survey. The independent variables include resource allocation, revenue forecasting, and margin orientation. Proactive profit planning was measured on 5-point Likert scales (e.g., 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree). Most of the scales employed have been adopted from the existing and validated scales used in the present extant literature. Forward integration is measured by the mediator variable that deals with proactive profit planning and market effectiveness. Forward integration was measured on 5-point Likert scales (e.g., 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree).

Beyond the dependent, independent, and mediator variables, this paper includes organizational innovation as a moderator variable that provides proactive profit planning and may shift the forward integration. Moreover, economic growth as a moderator variable provides forward integration and may have higher market effectiveness. A five point Likert-type scale ranging from one (Strongly disagree) to five (Strongly agree) were used for all variables. In addition, Firms in Industrial Estate Authority of Thailand have different length of existence, and they are from 1- 20 years old. Firms that have been operating for many years will be able to increase the volume of productivity and profits. Firm age may be related to adoption and which it has been found to be related to the effective use of proactive profit planning and other variables in Industrial Estate Authority of Thailand. Firm age was measured by the number of years a firm has been in existence with a dummy variable (e.g., number of years since 1 – 10 = 1, other = 0) (Zahra, Ireland and Hitt, 2000). The firms also have the number of employees, so we have to consider whether the number of employees is greater than or fewer than 500 workers in Industrial Estate Authority of Thailand. Firms that hired numerous and multiple workers can maximize their profit margin and labor productivity. This research also controlled the firm size, which has been related to proactive profit planning and other variables in Industrial Estate Authority of Thailand. The firm's size was measured with the number of employees in a firm with a dummy variable (e.g., number of employees from 1 to 500 = 1, others = 0) (Arora & Fosfuri, 2000).

Method

Confirmatory factor analysis (CFA) was employed to investigate the validity of constructs. Furthermore, factor scores were used to estimate regression analysis. This research demonstrates the results of factor loading and Cronbach's alpha coefficiencies. All factor loadings are greater than 0.6 (Hair et al., 2006) and are statistically significant. Cronbach's alpha of all variables are greater than 0.7 (Nunnally & Berstein, 1994). Overall, the results indicate the reliability and validity of these constructs.

The ordinary least squares (OLS) regression analysis was employed to estimate parameters in hypotheses testing. Two equation models are shown as follows:

Equation 1: $IA = \beta_{01} + \beta_1 RA + \beta_2 RF + \beta_3 MO + \beta_4 OI + \beta_5 (RA * OI) + \beta_6 (RF * OI) + \beta_7 (MO * OI) + \beta_8 FA + \beta_9 FS + \varepsilon$

Equation 2: $ME = \beta_{02} + \beta_{10} FI + \beta_{11} EG + \beta_{12} (FI * EG) + \beta_{13} FA + \beta_{14} FS + \varepsilon$

RA is Resource Allocation; RF is Revenue Forecasting; MO is Margin Orientation; OI is Organizational Innovation; FI is Forward integration; EG is Economic Growth; ME is Market Effectiveness; FA is Firm Age and FS is Firm Size as measured by dummy variable; ε is error term.

Results and discussion

Table 1 shows the descriptive statistics and correlation matrix between variables analyzed by Pearson correlation coefficiencies. Although it indicates a high correlation between independent variables, it does not have severe multi colinearity problems according to the VIF range from 1.00 to 8.15 (Hair, Black, Babin, Anderson, & Tatbam, 2006).

Impacts of proactive profit planning on its consequence

Table 2 presents the results of OLS regression analysis of the relationships between proactive profit planning and forward integration via organizational innovation as a moderator. Referring to hypotheses 1a – 1c, the researchers examined whether there were the relationships between proactive profit planning (e.g., includes resource allocation, revenue forecasting, and margin orientation) and forward integration. The result shows that independent variables consisting of resource allocation, revenue forecasting, and margin orientation have a significant positive effect on forward integration ($b_1 = .065$, $P< 0.1$; $b_2 = .078$, $P< 0.05$; $b_3 = .053$, $P< 0.01$).

This means that hypotheses 1a, 1b, and 1c are supported. Resource allocation is the process of spreading firm savings across different types of investments and industries (Poonpool & Sangboon, 2014). Firm will have enough and available resources to operate in new project in which firm is able to fund major expansions, acquisitions or other investments (Dunkelberg, Moore, Scott & Stull, 2013). However, revenue forecasting is an evaluation and decision making of past and current sales levels and annual growth. It will also help firm to easily monitor operating costs to guarantee profits, and make firm aware of entering new markets, developing new products or services, expanding or creating new facilities, or arranging long-term procurement contracts (Hyder, 2008). Moreover, margin orientation is evaluated and used to decide the performance of a business in terms of profit margin, return on assets and return on equity asset. The higher the gross profit margin, the bigger the stream of cash available to fund your operations and investment in future growth (Karabag & Berggren, 2014).

Impacts of forward integration on its consequence

Table 3 presents the results of the relationships between forward integrations and entering into market effectiveness via economic growth. Referring to hypothesis 3, the researchers examines whether there is the relationship between forward integration and marketing effectiveness. The result shows that forward integration has a significant positive effect on market effectiveness ($b_{10} = .062$, $P< 0.1$). This means that hypothesis 3 is supported. Forward integration focuses on companies looking for growth capital to expand their businesses, as well as participating in selected larger firms (Zee, et al., 2002). Forward integration consists of opening a new location, entering new markets, exporting, or buying another business which elicits the full commitment of customer to get far greater satisfaction or called marketing effectiveness (Zee, et al., 2002).

Moderator effect of organizational innovation on proactive profit planning into forward integration

Table 2 presents the results of the relationships between proactive profits planning on forward integration via organizational innovation as a moderator. Interestingly, effectiveness of resource allocation, revenue forecasting, and margin orientation have a significant positive effect on forward integration via organizational innovation (b_5 = .068, $P< 0.01$; b_6 = .078, $P< 0.1$; b_7 = .064, $P< 0.05$). Optimizing allocation of resources among new forms of collaboration, communication, and coordination as organizational innovation is another way to improve effectiveness and efficiency, ensuring that an investment is a monetary and nonmonetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price (Della Lucia, 2013).

Table 1 Descriptive statistics and correlation Matrix

Constructs	ME	RA	RF	MO	FI	OI	EG	FA	FS
Mean	3.54	3.55	3.45	3.63	3.6	3.59	3.57	-	-
Standard Deviation	0.53	0.57	0.56	0.57	0.64	0.66	0.63	-	-
Market Effectiveness (ME)									
Resource Allocation (RA)	0.57*								
Revenue Forecasting (RF)	0.70**	0.51*							
Margin orientation (MO)	0.48	0.25	0.25						
Forward integration (FI)	0.58*	0.81**	0.42	0.53*					
Organizational Innovation (OI)	0.73**	0.59*	0.23	0.56*	0.53*				
Economic Growth (EG)	0.58*	0.56*	0.41	0.6*	0.62*	0.53*			
Firm Age (FA)	0.37	0.38	0.35	0.36	0.38	0.31	0.39		
Firm Size (FS)	0.26	0.26	0.21	0.28	0.22	0.23	0.35	0.36	

* Correlation is significant at the 0.05 level (2-tailied)

** Correlation is significant at the 0.01 level (2-tailied)

[a] Beta coefficiencies with standard errors in parenthesis.

However, organization's innovation strategy is going to be top line growth; it is expected that new revenues are an important part of benefits. This way, firms are much likely to develop new product costs that are the results of product design and manufacturing decisions (Padhi & Aggarwal, 2011). Organizational innovation creates new facilities to manage sales growth which can strongly affect decision-makers to develop an understanding of available funding and assess the level at which capital investment can be made (Ramnath, et al., 2008).

Moreover, margin orientation via organizational innovation indicates that firm has the ability to manage, organize, cultivate and nurture creative thinking which is directly linked to invest in improving the firm's infrastructure and monetary fund (Morgan & Strong, 2003).

As mentioned earlier, these researchers found that organizational innovation can help firms achieve great forward integration with proactive profit planning as independent variables. Thus, Hypotheses 2a, 2b, and 2c are supported.

Table 2 Results of OLS regression analysis

Independent Variables	Dependent variable
	FI
Resource Allocation (RA)	0.065*
	(0.023)
Revenue Forecasting (RF)	0.078**
	(0.064)
Margin orientation (MO)	0.053*
	(0.056)
Organizational Innovation	0.054*
(OI)	(0.043)
RA*OI	0.068***
	(0.035)
RF*OI	0.078*
	(0.217)
PO*OI	0.064**
	(0.225)
Firm Age (FA)	0.035
	(0.021)
Firm Size (FS)	0.0.32
	(0.021)
Adjusted R-square	0.756

Note: Standard error is in parentheses.
*** p< .01
** p< .05
* p< .10

Table 3 Results of OLS regression analysis

Independent Variables	Dependent variable
	ME
Forward integration (FI)	0.062*
	(0.045)
Economic Growth (EG)	0.036*
	(0.042)
FI *EG	0.061**
	(0.032)
Firm Age (FA)	0.035
	(0.025)
Firm Size (FS)	0.023
	(0.005)
Adjusted R-square	0.598

Note: Standard error is in parentheses.
** p< .05
* p< .10

Moderator effect of economic growth on forward integration into marketing effectiveness.

Table 3 presents the results of the relationships between forward integrations into marketing effectiveness via economic growth as a moderator. Interestingly, forward integration has a significant positive effect on marketing effectiveness via economic growth as a moderator (b_{12} = .061, P< 0.1).

Economic growth requires expansion of expenditures for business plant and equipment for state and local governmental facilities, and for residential construction. Firm must regularly monitor and review investment options in the defined contribution scheme that firm runs (Sacui & Dumitru, 2014). This will help firm to ensure the default strategy and other investment options remain suitable and meet their objectives and marketing effectiveness.

As mentioned earlier, researchers found that economic growth can help firms achieve a great forward integration on market effectiveness. Thus, Hypothesis 4 is supported.

Contributions and future research

Theoretical contributions and future directions for research

This study provides important theoretical contributions extending on prior studies by incorporating both perspectives of proactive profit planning including resource allocation, revenue forecasting, and margin orientation in the same model and linking this proactive profit planning to forward integration via organizational innovation as a moderator. Especially, economic growth is moderating the relationship between forward integration and marketing effectiveness. Finally, further research should reexamine this research model in other groups for making generalization

Managerial contributions

For executive managers and firms' owners, this research identifies that proactive profit planning is a tool that helps management cope with the uncertainty in the future. This study helps managers to understand and be informed about proactive profit planning which includes resource allocation, revenue forecasting, and margin orientation. With the information developed from the proactive profit planning, manager can anticipate the need for increased investment in receivables, inventory, or facilities as well as any needs for additional capital. Moreover, manager can manage vendors, service providers, lenders, and investors and proactive profit planning will inspire the confidence in firm success and worthiness for a loan or an investment in the future.

Proactive profit planning is an important factor that motivates the manager within export businesses of Thailand because it can provide good profit margins with fairly minimal investments, and manageable operating costs. Especially, managers need to understand that organizational innovation enhances their proactive profit planning and increase forward integration. The organizational innovation is a key decision for managers of different levels and functions and it should be adopt for proactive profit planning such as developing a forecast for sales and gross profit, considering all of the various internal and external factors that are relevant to the forecast. Moreover, managers should know that economic growth is the moderating effect of the relationship between forward integration and marketing effectiveness. High economic growth leads to rapid acceleration in construction activity and affect customer satisfaction and others.

Conclusion

This study investigates the effects of resource allocation, revenue forecasting, and margin orientation on market effectiveness via forward integration as a mediator. It also documents the moderating effect of organizational innovation on proactive profit planning and forward integration. However, economic growth is used to moderate the effect of forward integration and market effectiveness. The data were collected from 293 chief executive officers. The findings show that resource allocation, revenue forecasting, and margin orientation have the most powerful effect on forward integration. The moderating effect of organizational innovation is only the interaction among resource allocation, revenue forecasting, margin orientation, and forward integration. Furthermore, the relationship between forward integration and market effectiveness is positive in this empirical research. Interestingly, economic growth also moderates the relationship between forward integration and market effectiveness.

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