

## The Relationship between Marketing Innovation and Firm Performance: an Empirical Evidence from SMEs in Sulaymaniyah City

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### **Abstract:**

This study aims at investigating the relationship between innovative marketing and firm performance. Therefore, for data collection, the questionnaire instrument was designed and developed. As a result, the questionnaire was given out randomly to respondents and their number was 93 who are employed in the sectors of electronics, food and drink, travelling, advertising, and automobile industries. In order to conduct an analysis of the data obtained from the questionnaires (SPSS, 26) was utilized. The results revealed that there was four dimensions of innovation (product innovation, process innovation, organizational innovation, and marketing innovation) had a significant and positive correlation with the performance of the firm.

Moreover, considering that there is no research on this topic at Sulaymaniyah, the researchers suggested more studies on this issue in the future by conducting broader research with a larger sample, to learn more about market reality by responding to market needs and competition with innovative products and services.

**Key words:** Dimensions of Innovation, Marketing Innovation, Firm performance, SMEs, and Sulaymaniyah city.

### **الملخص:**

كان الغرض من هذا البحث هو التتحقق من العلاقة الموجودة بين التسويق الإبتكاري وأداء الشركة. تستند نتائج هذا البحث إلى تحقيق تجاري في الشركات الصغيرة والمتوسطة في مدينة السليمانية. تم تصميم أداة الاستبيان وتطويرها لغرض جمع البيانات. حيث تم توزيع الاستبيان بشكل عشوائي على المستجيبين وكان عددهم 93 عاملًا في قطاعات الإلكترونيات والأغذية والمشروبات والسفر والإعلان وقطاع السيارات. من أجل إجراء تحليل للبيانات التي تم الحصول عليها من الاستبيانات تم استخدام برنامج (SPSS ، 26). أدت النتائج إلى اكتشاف بأن الأبعاد الأربع لابتكار (ابتكار المنتجات، وابتكار العمليات، والابتكار التنظيمي، والابتكار التسويقي) لها علاقة كبيرة وإيجابية بأداء الشركة.

بالنظر إلى عدم وجود بحث حول هذا الموضوع في السليمانية، يقترح الباحثون المزيد من الدراسات حول هذه القضية في المستقبل من خلال إجراء بحث أوسع مع عينة أكبر، لمعرفة المزيد عن واقع السوق من خلال الاستجابة لاحتياجات السوق والمنافسة مع المنتجات والخدمات المبتكرة.

**الكلمات المفتاحية:** أبعاد الابتكار، الابتكار التسويقي، أداء الشركات، الشركات الصغيرة والمتوسطة، مدينة السليمانية.

**پوخته:**

ئامانچ لەم توپىزىنەمەيە بىرىتىبۇو لە ھەلسەنگاندىنى پەيوەندىيى نىوان باز ارگەرىي داھىنەرانە و ئەدەى كومپانىا. ئەنجامەكانى ئەم توپىزىنەمەيە ئەزىزىتى بىشىت بە ئەزىزىتى كومپانىا بچوک و مامناوەندەكانى شارى سلېمانى دەبىسىت. بەمەبىستى كۆكىرەنەمەي داتاكانىش، فورىمى ۋاومىرىگەر تەنمان دىزايىنلىرىد و پەرمىپەدا. دواتر توپىزىرەن بەشىۋەمەكى فورىمەكەن بەسەر 93 كەسدا دابەشىكىد، كە لە كەرتى ئەلەيكتەرۇنى و خواردن و خواردنەمەوە و گەشتۇرگۇزار و رېكلايم و ئۆتۈمىتىلى كاردەكەن. بەرناھەم (26، SPSS، 2022) بەكارەندا توپىزىنەمەيە ئەنجامەكانى داتاكان. بەپىتى ئەنجامەكانى، ھەر چوار رەھەندەكەن داھىنەن (داھىنەن بەرھەم، داھىنەن بەرۋەسەكان، داھىنەن بىخراوھىي و داھىنەن باز ارگەرىيىانە) پەيوەندىيەكى گەورە و پۇزەتىقىان لەگەل ئەدەى كومپانىادا ھەمەيە. توپىزىرەكەن پېشىنەر دەكەن ؛ لەپەرەنەمەي لە شارى سلېمانى لەسەر ئەم بابەنە توپىزىنەمەن نەكراوە، نەمەن توپىزىنەمەي زىاتر و فراوانانز ئەنۋەنام بىرىت بە رچاوكەرنى سامپلەيىكى گەورەتىر، تاكو تىشك بخەرىتەسەر واقىعى باز ار و پېداویسەتىيەكانى باز ار و كېرىكىنى بەرھەم و خزمەتگۇزار بىيەكان.

**كلىله و شە:** رەھەندەكەن داھىنەن، باز ارگەرىي داھىنەرانە، ئەدەى كومپانىا، كومپانىا بچوک و مامناوەندەكانى، شارى سلېمانى.

## 1. Introduction

### 1.1 Background of the study

Small and medium enterprises (SMEs) constitute the cornerstone of any economy as they play a significant role in economic development through reducing unemployment and poverty in the country. According to Gherghina, et al. (2020), the SMEs in European countries represent the vast majority of the market (around 99%) and they were able to provide almost 85% of new jobs in this continent, in five years (2015 to 2020). Globally, the SMEs represent almost 90% of the market and at least 50% of jobs. As reported by The World Bank (2020), the formal SMEs have a contribution of more than 40% of the state income in the developing countries. Enterprises seek to innovate, grow, and maintain their competitive edge in order to provide outstanding value to consumers. Thus, the primary goal of this research is to look at the link between marketing innovation and business performance. Furthermore, it investigates the aforementioned link in the setting of a developing economy, such as KRI, which has not received as much attention as established economies. Furthermore, it's impossible to have economic growth without innovation. Innovation learning has become one of the most important processes for economic development in today's knowledge-based economies, with innovation serving as the foundation for economic development (Léger and Swaminathan, 2006), thus, having a significant impact on economic growth. Moreover, innovation-driven expansion is, more ubiquitous than knowledge-driven expansion, and this criterion holds true whether knowledge is present or not (Cameron, 1996; Rosenberg, 2004).

As a result of the global financial crisis of 2008, one of the most important concerns facing the global economy today is the slowing increase of worker productivity. In light of this, it appears that governments throughout the world are making only temporary progress in resolving these issues. As a means of satisfying customers' needs and preserving a competitive edge, firms are always attempting to connect the dots between their internal and external markets.

Innovation is a hot issue these days because of the rapid changes in technology and the environment, and it's important to consider it while developing, implementing, and improving new products and services for the market. Innovation reveals a business's financial strength, profitability, and long-term viability in relation to its rivals. Innovators are individuals with high intelligence only,

and therefore innovation is limited to a certain category of society such as scientists, but recent studies have proven that innovation is a general human phenomenon and not a phenomenon specific to anyone (Hoetker and Agarwal, 2006). When it comes to long-term competitive advantage, innovation is one of the most important sources of advantage. Because of this, firms may grow faster, become more efficient and lucrative than their non-innovating counterparts, and it provides a steady stream of advantages that keep them in business.

Marketing contributes to the sales interface and innovative performance of a corporation. Market innovation is concerned with determining how firms can effectively serve their target markets while developing the target market mix. Marketing mix innovation is another term for it. In contrast, marketing and innovation must work together. Consumer value perceptions and opportunities for unmet customer needs must be examined in order for firms to create new innovative products. While marketing innovation examines client value perceptions and develops prospects for unmet customer desires, innovation goes beyond the product to reveal the demands of the buyer (Gupta, et al., 2016).

Marketing innovations differ from other changes in a company's marketing program in that they include the use of a marketing method that has never been employed before in that business. This tactic must be part of a novel concept or marketing plan that differs significantly from prior marketing techniques. A corporation may create its own marketing strategy or adopt one from another. It also applies to both new and existing items on the market.

Furthermore, it is critical to recognize marketing innovations aren't the same as ordinary (standard, periodic) enhancements, client-requested product modifications, or seasonal changes. If improvements are to be considered marketing innovations, they must be large and consistent. Marketing innovations are critical not only for an organization, but also for its customers, making eye contact of a market economy, strong competition, constantly shifting customer demands, and the need to involve individual clients in the process of developing innovations that are means of communicating values.

## 1.2 Research Problem

The research problem that the researchers trying to address in this study is simply “How to measure the performance of SMEs.” We have come across this problem when we were trying to find out the importance of the marketing practices and activities of a number of different SMEs on financial performance. Therefore, the problem of the research emerges by asking the following question: *Is there a relationship between the dimensions of innovation and Firm performance?* In pursuing this issue, the first challenge we faced was how to measure the performance of the various SMEs operating in the city of Sulaymaniyah. Especially since there are no applied studies in the Sulaymaniyah on the effect and importance of marketing innovation in the performance of companies.

## 1.3 Objectives of the study

The main aim in addressing this issue does come out as an attempt to accomplish the following sub-objectives:

- A. To emphasize the significance of marketing innovation in improving marketing performance in particular, and the overall considering organization's performance
- B. Focused on clarifying the significant relationship between Marketing innovation and Firm performance.

#### **1.4 The importance of the study**

The research's significance is to show the concept of innovation, particularly in the sphere of (products, processes, and organizations) as well as the beneficial impacts coming from the application of the inventive process in this field considering development and improvement. Thus, highlighting its importance in the firms of developing countries, especially in the city of Sulaymaniyah.

### **2. Theoretical Framework and Literature Review**

In this section we will focus on previous studies related to variables of our study, which are Market innovation and Firm performance.

#### **2.1 Marketing innovation**

Marketing gives value to both the selling interface and the innovative performance of the organization. (Wiersema, 2013). Market innovation involves determining a target market's mix and identifying how Companies can successfully serve such markets (Shirokova, Vega, & Sokolova, 2013). It's also known as a marketing mix alteration. (Deshpandé, Farley & Webster, 1993). Firm Performance A successful company enterprise is a crucial component for emerging countries. Many economists see them as an engine that drives their economic, social, and political development. Every company must function in a safe and secure environment in order to compete in a competitive market. (Zaefarian et al., 2017).

Varied authors and contexts have different ideas about what marketing innovation is. The majority of the early research centered on product innovation in the manufacturing sector. (Brown and Eisenhardt, 1995). Product and service innovations are only the tip of the iceberg when it comes to innovation. (Birkinshaw et al., 2011). As a result, the time and money that businesses devote to implementing new sales tactics are now viewed as marketing innovations, which are just as significant as technology breakthroughs in terms of increasing a company's competitiveness. Nonetheless, marketing and innovation must work in tandem. Marketing innovation must assess consumer value perceptions and identify unmet customer demands, from which organizations may develop new innovative products. Beyond the product, innovation discloses the buyer's wants, whereas marketing innovation must analyze consumer value perceptions and offer suited for unmet customer requirements, on which firms may create extremely innovative products. According to the OECD (Organization for Economic Co-operation and Development), invention is defined as the conversion of a concept into a ready-to-sell service or product, a new or improved production or distribution process, or a contemporary method of social service delivery (OECD 2005, 2011).

Innovativeness is seen as one of the most significant factors in today's competitive business climate. A company's long-term viability is dependent on a number of factors (Baker and Sinkula, 2002; Balkin et al., 2000; Darroch and McNaughton, 2002; Lyon and Ferrier, 2002; Vrakking, 2000;

Wolfe, 2004). New ideas for developing, conveying, and providing value to customers as well as maintaining customer relationships are at the heart of marketing innovation (Tinoco, 2005).

One of the most important areas of business studies, according to Nodaway, is the study of innovation. There are four types of innovation, each classified by the OECD's Oslo Manual (2005): product, process, marketing, and organization. Product innovation is making changes to the product or service that benefit customers in some way, whether it's operational or in another way. According to (Zafarian et al., 2017), The concept of "process innovation" also includes the development of novel methods for carrying out corporate operations. (Akgün et al., 2014) New corporate procedures, workplace laws, decision-making, and inventive techniques to dealing with external interactions are all examples of organizational innovation. According to Polder et al., (2010). To put it another way, marketing innovation is the introduction of a creative marketing plan that incorporates fundamental changes in design, location, packaging, promotion of the product and pricing strategy (Hassan et al, 2013).

There are four types of innovation, according to the Oslo Manual (OECD and Eurostat, 2005), and they are briefly addressed below: product, process, organizational, and marketing innovations.

### **2.1.1. Product innovation:**

In terms of qualities or intended use, "product innovation" is described as the introduction of a new or much improved item or service than what has previously been. This includes substantial advancements in technical requirements, components and materials, software integration, user friendliness, and other functional aspects (e.g. replacing inputs with materials with improved characteristics: Breathable textiles, light but strong composites, environmentally friendly plastics, etc). (e.g. replacing inputs with materials with improved characteristics: Breathable textiles, light but strong composites, environmentally friendly plastics, etc.). (OECD and Eurostat, 2005).

The relationship between marketing innovation and business performance will either improve or worsen depending on how the corporation promotes itself to current and prospective customers. The radicalness of the organization's present product innovations will have an impact on the marketing innovation's ability to influence firm performance (Cascio, 2011). At least a handful of studies have cited product innovation as an essential component of a company's long-term viability (Hauser and et. al., 2005). Finally, the majority of academics and practitioners agree that product innovation is driven by the market and involves significant changes to a tangible component of the product or service, referred to as formulation or functionality alterations.

### **2.1.2. Process innovation:**

The implementation of a unique or greatly upgraded production or delivery technology is referred to as a process innovation. When this occurs, new or improved manufacturing technology, such as real-time sensors and automation equipment, may alter processes and/or computer-aided product creation (CAPD) is an example of this.

Process innovation has an impact on the link between marketing innovation and company performance, much as product innovation. Without process innovation, it is difficult for an organization to achieve enhanced firm performance because it struggles to design and execute new ideas and activities in a way that generates value for the end-user while cutting costs. The quantity of

process innovation applied by the organization will strengthen the link between marketing innovation and firm performance since it accumulates vital client information about demands and extracts this knowledge in making basic business selections. Both data warehousing and order processing systems, which are examples of process innovation, demonstrate this.), (Cascio.2011).

### **2.1.3. Organizational innovation:**

refers to the creation of new internal business processes, firm structure, or external relationships inside a company. A few examples of organizational innovations include enhancing employee satisfaction at work (and therefore increasing labor productivity), gaining access to non-tradable assets (such as non-codified external knowledge), and reducing the costs of suppliers (e.g. first-time introduction of management systems for general production or supply operations, such as supply chain management, business reengineering, lean production, quality management system). Because the product serves as a vital link between the institution and the customer and is a critical component of the marketing mix, the institution must continually strive to offer new products that meet the changing needs and wants of the customer in order to remain relevant in the marketplace. Although there are dangers associated in this process that act as impediments, product marketing's value may be gauged by how well a company is able to produce new items that suit customers' requirements and desires better than their rivals' without turning to emerging technologies, (Eurostat and the OECD, 2005). Since that strengthens the company's management capacities, Higgins (2002) sees organizational innovation as necessary for organizations eager to take on strategic concerns.

In the literature, the relationship between organizational and marketing innovation has gotten limited attention. The significance of a marketing research approach in organizational innovation was explored by (Fleacă et al., 2018), in their article aimed to demonstrate the need of using well-defined processes and distinctive marketing research to improve work by linking the organization's stakeholders and overall performance.

Product design, packaging, positioning, promotion, and price are all examples of areas where marketing innovation may be employed. The purpose of marketing innovation is to better satisfy the wants of consumers, increase the market, or launch new items (e.g. adoption of a substantial modification in the design of a furniture line to give it a fresh appearance and extend its appeal) (e.g. implementation of a significant change in the design of a furniture line to give it a new look and widen its appeal). (OECD and Eurostat, 2005).

### **2.1.4. Marketing innovation:**

is the deployment of a new marketing plan that is related to considerable changes in the project, product design, packaging, distribution, promotion, or price strategy? Innovation in marketing aims to better meet customer requirements, establish new markets, or reposition existing items to enhance sales.

## **2.2. Firm Performance:**

Performance, in general, means the degree of success achieved by the organization in achieving the predetermined goals. successful firms are critical for emerging countries. Many economists compare them to a motor when it comes to steering their countries' economic, social, and political

development. Every organization should function under in order to prosper in a competitive marketplace. Firm performance is an important topic in strategic management research, and it is usually utilized as a dependent variable. Despite being a broadly acknowledged notion in academia, there is little clarity on how to define and assess it. Performance-based criterion Pilot study, assessment, efficacy, and quality are all important considerations here. For Assens, et al. (2015), the idea of performance should apply to all firms. To measure a company's innovative performance, consider all of the company's accomplishments as a result of its ongoing renewal and improvement efforts, which cover a wide range of aspects related to the company's innovativeness, including products, processes, marketing, and organizational structure. In conclusion, innovative performance is a complex construct based on many performance measurements such as new patents, new product launches, new projects, new processes, and new organizational formations (Hagedoorn & Cloost, 2003). In addition, as a consequence of the implementation of IFRS, firms have reported improvements in their levels of performance. (Abdullah, H., and Tursoy, T, 2021). Nevertheless, the characteristics of the board—particularly its size, ownership, and composition—have an impact on the organizations' financial success. These characteristics include board composition and ownership (KAREM L. E., et al. 2021). According to a performance conducted by Smith, et al. (2011), companies in a wide range of service industries can benefit from innovation. The findings show that firms must join the market early or provide new things with high degrees of novelty in order to gain more income from innovations.

The evaluation of an innovation firm can be done as a result or as a technique, with the former meaning that innovation occurs as a consequence of other activities and has a beneficial influence on firm performance (financial, market, and production performance), and the latter implying that invention is measured as a process from organizational innovation to innovative performance (Tien. et al., 2016). The financial performance of Iraqi banks is impacted by internal audits done in compliance with the Institute of Internal Auditors' rules, According to Fatah, N. & et al. (2021).

The capability of evaluating organizational efficiency, productivity, profitability, quality, continuous improvement, job quality, and social responsibility as leading indications of success." is referred to as "the capacity to monitor organizational performance, productivity, profitability, quality, continuous improvement, work quality, and social responsibility as important indicators for performance," according to one definition. When evaluating the effectiveness of a business, it is important to take into consideration several financial measures such as return on assets (ROA), market share, return on investment (ROI), and growth rates. According to Hitt and Ireland's (2005) research, marketing innovation, the fundamental business process activities, and the quality with which they are carried out have a positive effect on performance. According to (Srivastava, Shervani, and Fahey 2009), the relationship between marketing innovation and company performance is a complex one.

As was previously said, the behavior of the logical organization that undertakes those activities with the highest marginal return upfront is demonstrated by the fact that marketing innovation initiatives increase company 44 performance at an increasing rate initially. After these marketing innovation initiatives with low risk and low effort have been exhausted, other marketing inventive approaches will continue to increase corporate performance, but at a slower rate. They represent a higher level of risk in terms of cash flow, labor, and other restricted company resources, and the

ensuing profits generally take longer to realize. In general, the level of uncertainty and return on investment for these more difficult marketing innovation efforts is lower. Most experts believe that marketing innovation and firm performance aren't linked in a linear fashion. The market place is the most critical relationship between marketing innovation and company performance. This subfield of marketing innovation is a reflection of the reality that customer relationship management is an integral and highly valued component of an organization's primary duties. It has been speculated that Because it is the most readily apparent, this kind of activity has the greatest impact on marketing innovation and successful techniques that influence client value perceptions. As was mentioned earlier, in this industry, regardless of an economic crisis, there is a large chance for the development of a competitive advantage. The strategic position held by the company within the industry in terms of the development of products or processes. (Cascio, 2011).

## **2.2 Marketing innovation and Firm performance**

The relation between marketing innovation and company success is complex. According many resources there're strong relationship between innovation and firm performance, not just that in some documents show there are a bunch of tool that connect marketing innovation to firm performance. Han and Srivastava, (2008), set of hypotheses to the test witches able to determine the characteristics of the link between marketing innovation orientation and performance. The influence of innovation is regarded as a moderator of the link between market orientation and marketing performance. According to the findings of the study. Furthermore, it was discovered that focusing on innovation, particularly in marketing, had a favorable influence. The majority of research reveals a positive association relationship between innovation and business success, therefore practical data on the influence of innovation on firm performance is extensive. (Acs & Audretsch, 2007). Firms that follow an innovative strategy, which is to say, companies that make innovation a source of their competitive advantage in the market and one of the aspects of their strategic performance in it, may be distinguished from companies that don't follow an innovative strategy. Many places and chances exist for them to accomplish what they must in the establishment and growth of the firm's innovation base, but the second kind of organization faces the inventive activity that is necessary in order to maintain the status quo. In addition, we discovered that the purpose of the research conducted by Corkindale, D., and Belder, M. (2009) was to determine how the strength of a company's brand influences the acceptance and innovation of a new service. The data show that there are considerable correlations between the answers and the business brand strategy. In spite of this, Al-Zyadaat, M. A., Saudi, M. A., and Al-Awamreh, M. A. (2012) found that there was a connection between marketing innovation and the performance of the business. Therefore, the "performance of Marketing," which is supported by Innovation, is acknowledged as one of the components of marketing promotion, which is intended to bring about transformation and the introduction of novel ideologies. Investors, on the other hand, believe that the crisis is limiting economic activity and earnings. (Abdullah, H., & Fatah, N., 2020).

Through the use of their hypothesis, Voss, Glenn, & Voss, Zannixe (2010) attempted to draw a connection between the strategic marketing stance of a firm and its performance. As an illustration, they brought to light the fact that the introduction of new products has a direct bearing on an organization's competitive position, be it in terms of cost leadership or distinctiveness. An application of product orientation was employed to study this strategy, and market share (MS), financial

performance, and the production of new products were utilized to evaluate the performance of the approach. According to the findings of the research, the quality criteria that are used to measure performance have an impact on the link that exists between marketing strategy and performance. Sadly, this study was limited to only two factors, whereas our study relied on four criteria to evaluate the effectiveness of marketing. However, the work of Darroch, J. (2005), makes an effort to provide important empirical data to shed light on the relevance of knowledge management in terms of both innovation and the performance of businesses. According to the findings of his study, the significance of efficient knowledge management as a mechanism for coordination was established by presenting evidence that businesses with a preference for incremental innovation were more likely to have well-developed knowledge management behaviors and practices.

Furthermore, Prifti, R., & Alimehmeti, G. (2017), analyze in the context of Albania, the concept of market orientation as an additional source of innovation for businesses to draw from the outside world. They examined the association between market orientation and innovation and company performance in a sample of 99 Albanian businesses. The sample included both public and private companies. According to the findings, one way of transforming market input into constructive action is via gathering intelligence, sharing it, and acting on it. Since the evaluation of that activity is confirmed by confirmation of that action, the process of market orientation happens simultaneously with organizational learning and capacity building. This is because the assessment of that activity is verified by confirmation of that action. It has been discovered that sensitivity to the market is a good indication of both the development of new products and the performance of businesses. Duncan E. and Elliott G. are both responsible for this work (2004). Investigate the relationships between efficiency, customer happiness, financial success, and a range of other parameters using a sample of Australian financial institutions such as banks and credit unions. According to the findings of the study, there is a positive relationship between customer service ratings and all of the financial performance metrics (including interest margin, expense/income ratio, return on assets, and capital adequacy). The relationship has also been researched in terms of company maturity: startups vs. established businesses. According to Lewrick et al. (2011), there is a favorable link between strong rivals' orientation and incremental innovation in beginning firms. When the same connection is applied to mature firms, however, it tends to be counterproductive.

According to the findings of a study that was conducted by Artz et al. (2010), the effect of acquired patents and product breakthroughs on the success of a company was explored across a variety of business sectors in both the United States and Canada. They came to the conclusion that the introduction of new products has a significant impact on the overall success of the company. Also in the study that Geroski and his colleagues (2009) conducted on 721 manufacturing companies in the United Kingdom, they found: It was discovered that the number of inventions produced by a company has a positive impact on the operational profit margin of that company. They also found that the effect of specific discoveries on company revenues was limited, but that innovative organizations were, in general, more lucrative than non-innovative ones. This was a finding that was surprising to them.

## 2.3 Hypothesis Development and Conceptual Framework

Innovation is propelled forward by the intention of companies to enhance their existing levels of company performance and secure a market advantage for themselves. Companies gain a competitive advantage and market share based on the significance they place on innovations, which are critical aspects in building a market reputation and, as a result, increasing market share. Innovations are critical aspects in building a market reputation. The researchers hypothesized that there would be a substantial connection between the four dimensions of innovation (Product innovation, Process innovation, Organizational innovation, and Marketing innovation), and the success of the companies they studied. As a result, these hypotheses have been developed in order to achieve the purpose of the study;

**H1/** There's positive relationship between product. innovation and firm performance.

**H2/** There's positive relationship between process innovation. and firm performance.

**H3/** There's positive relationship between organizational. innovation and firm performance.

**H4/** There's positive relationship between marketing. innovation and firm performance.

### Independent Variables

**Product\_innovation**  
**Process\_innovation**  
**Organizational\_innovation**  
**Marketing\_innovation**

### Dependent Variable

**Firm\_Performance**



**Figure (1)**

## 3. Methodology

This section highlights the steps that the researcher took with regards to the collection of data, determining the participants for the study and the underlying approach the study is based on.

Both inductive and deductive approaches, which were used during the research, will determine the methodology of the study (Saunders et. al; 2009). When using the inductive methodology, the researchers must adhere to the overarching theory when collecting and analyzing data. In the deductive approach, the researchers construct hypotheses by relying on what has already been done and what is already known about the subject of the investigation, in addition to the fundamental ideas that have been applied to the matter. The research topics, as well as the model and the theory, were used to generate hypotheses. For the purpose of putting the aforementioned hypotheses to the test, a questionnaire was developed. This questionnaire included an innovation variables scale adapted from Venkatraman (2009), which consisted of 21 items, and a firm performance scale adapted from Sun & Lin, (2010), which consisted of 6 items.

Analysis methodologies of reliability, correlation and normality test are utilized in this article. To achieve the purpose of this field study, uses primary data from a questionnaire survey, to show

relationships between marketing innovation types (price, product, promotion, distribution) and firm performance. Thus, empirical evidence from the Kurdistan Region of Iraq was investigated.

### **3.1 Source of data**

In this article, the distinctions between primary and secondary sources of information are explored in detail. It's vital to note, however, that primary data is based on the real facts, whereas secondary data is based on the interpretation and analysis of the main data itself. Secondary data is gathered for a variety of reasons other than finding a solution to the problem at hand. There are a variety of ways for researchers to collect data for their studies, and each method has its own advantages and disadvantages. It has become common practice for surveys to use a structured questionnaire due to the large number of variables that may be included in a survey.

### **3.2 Data instrument**

Kotler et. al., (2000) determined that there are four different instruments that may be used to acquire data and information from primary data sets. The last method in this toolbox is observation. Other methods in this toolbox include surveys, experiments, and a concentration on groups; nonetheless, surveys were the primary method utilized in this study.

### **3.3 Questionnaire**

For the purposes of this study, the researchers employed primary data in the form of a questionnaire to gather information from participants (93 respondents). The questionnaires were then divided into three categories for analysis. This is why, in section one, demographic factors such as Gender and Age are included in five questions, as well as questions concerning Education and Work Experience. Also, section two is the Innovation Dimensions as independent variables in the study and include 4 parts with 20 questions about Innovation. However, researchers used 5 point Likert scale in section two and three, according to the following key: SA=Strongly Agree A = Agree N = Neutral D = Disagree SD = Strongly Disagree. The level star from 1 as a strongly disagree to 5 as a strongly agree. Finally, in section three within an introduced as Performance Dimensions so included 5 general question about firm Performance.

### **3.4 Population and Sample**

The first step in the sampling. method is to select the sample in a group of units that are called population, (Bryman & Bell, 2011). The research population is represented by companies in Sulaymaniyah city. Since all the employees who work in surveyed companies cannot be questioned. Thus, the questionnaire was distributed on the sample randomly to employees which are working in (Electronic, Food and drink, Travelling, Advertising and Automobile company). Table number 1 shows the rate of questionnaires distributed and returned.

**Table (1) Distribution of questionnaires**

Sector	Distributed questionnaire.s	Questionnaire.s returned
Electronic	32	29
Food and Drink	35	31
Advertising	25	20
Automobile	11	10
Traveling	7	3
Total	110 (100%)	93 (84.54%)

#### 4. Data analysis and Presentation

An analysis of the data that was gathered was presented in this part. The researchers looked at many other aspects of the study, such as the reliability and validity of the data, and did a number of other relevant searches. Thus, tests to discover which of the independent factors has the strongest link with the variable that is being investigated (the dependent variable). During the process of analyzing the study's data, the researchers made use of the Statistical Package for the Social Sciences (SPSS; version 26). In addition, descriptive statistical approaches were utilized by the researchers in order to ascertain the frequency of certain data. In addition, as an element of the conceptual framework, correlation analysis was performed in order to ascertain the connections that exist between the variables. In addition, a conclusion is reached on whether or not the findings support the hypothesis and whether or not it should be accepted or rejected.

##### 4.1 Statistical description of personals' information

The study extracts insights from 93 answers distributed among a group of companies operating in the city of Sulaymaniyah. These consisted of 62 males and 31 female employees, 44.8% of employees were aged 26-30, 18.8% were 31-35 years old, 13.5% were 36-40 years old, and 12% were 18-25 years old. 11% 40 years and older. 39.8% of employees have bachelor's degrees, 32.3% have diplomas, 17.5% hold master's degrees, 6.3% hold doctorate degrees, and 4.3% hold postgraduate qualifications and above doctoral. 46 employees have 7-9 years of experience, 14 employees have the least amount of experience from 1-3 years, 20 employees have 4-6 years of experience. Thus, 20 employees had 9 years or more of experience.

**Table (2) Summary of demographic information**

Gender	62 male 31 Female
Age	44.8 % 26-30 years' old 18.8% 31-35 years' old 13.5% 36-40 years' old 12% 18-25 years' old 11% 40 years old
Education levels	39.8% bachelor's degrees 32.3% diploma's. degrees 17.5% master de.grees 6.3% doctorates degrees 4.3%. postgradua.te
Experience	46 Employees 7-9 years 20 Employee 4-6 years 20 employees. 9 years 14 Employees 1-3 years

#### **4.2 Reliability and validity**

Having a dependable research instrument ensures that future results can be replicated and that the data acquired can be relied upon to offer objective conclusions, which is critical. The Cronbach Alpha will be used to assess the instrument's reliability, and if the findings suggest that it is dependable, researchers will use it; if not, they will switch to a different instrument. Validity, on the other hand, must be assured to ensure that any findings drawn are accurate and can be applied to a larger population. In order to accomplish this, the researchers planned out every aspect of the study meticulously, narrowed in on the specific issue at hand, and then developed a strategy to address it.

**Table (3) –reliability and validity- tests**

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>
<b>Product_ innovation</b>	0.802	0.820	0.870
<b>Process _innovation</b>	0.810	0.810	0.880
<b>Organizational _innovation</b>	0.613	0.670	0.835
<b>Marketing_ innovation</b>	0.935	0.905	0.950
<b>Firm _Performance</b>	0.838	0.855	0.875

Table 3 results show that the product innovation, process innovation, marketing innovation and firm Performance perception' rho\_A values were above 0.80. This implied that they had high construct validity. Organizational innovation had a low construct validity of 0.673. However, all the variables had the desired composite reliability (CR>0.80). (Zaīt & Berte, 2011).

#### 4.3 Correlation test

Using a correlation test, you may determine whether or not there is a significant correlation between two variables by determining the correlation coefficient between them. Based on table 4 it shows that the correlations between the dependent variable (Firm\_Performance) and independent variables (product\_innovation, Process\_innovation, Organizational\_innovation and Marketing\_innovation) are significant due to all results of p. value are less than 0.05 and positive relationship because of all results are positive and above 0. Therefore, the correlation between the independent variables is positive and significant. However, there is a correlation between firm performance and marketing innovation ( $r=.750$ ), whereas between firm performance and product innovation, there is a  $r=0.585$  correlation. As a result, our hypotheses about the presence of a significant correlation between innovations and performance have been proven correct.

**Table (4) Correlations Test**

		Firm Performance	Product innovation	Process innovation	Organizational innovation	Marketing innovation
Firm Performance	Pearson Correlation	1	.585**	.650**	.680**	.750**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	93	93	93	93	93
Product innovation	Pearson Correlation		1	.365**	.468**	.380**
	Sig. (2-tailed)			.000	.000	.000
	N		93	93	93	93
Process innovation	Pearson Correlation			1	.459**	.350**
	Sig. (2-tailed)				.000	.000
	N		93	93	93	93
Organizational innovation	Pearson Correlation				1	.550**
	Sig. (2-tailed)					.000
	N				93	93
Marketing innovation	Pearson Correlation					1
	Sig. (2-tailed)					
	N					93

\*\*. Correlation is significant at the 0.01 level (2-tailed).

#### 4.4 test of normality

To be considered non-insignificant, a variable's value must be more than 0.05, as shown in Table 5. The normal distribution of data for all variables is consequently obvious to us.

**Table (5) Tests of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Firm Performance	.090	93	.066	.967	93	.080
Product innovation	.093	93	.154	.981	93	.078
Process innovation	.153	93	.321	.928	93	.020
Organizational innovation	.133	93	.421	.789	93	.021
Marketing innovation	.124	93	.985	.899	93	.786

a. Lilliefors Significance Correction

## 5. CONCLUSIONS

In order to achieve the objectives of the research, the researchers tested the research hypotheses, which are:

**H1/** There's positive relationship between Product\_innovation and firm\_performance.

**H2/** There's positive relationship between Process\_innovation and firm\_performance.

**H3/** There's positive relationship between Organizational\_innovation and firm\_performance.

**H4/** There's positive relationship between Marketing\_innovation and firm\_performance.

According to the results of the correlation test, we can deduce that there is a significant and favorable relationship between the dependent variable (Firm Performance) and the independent variables (Product innovation, Process innovation, Organizational innovation, and Marketing innovation). This is the case because all of the results of Pearson Correlation are positive and greater than 0. As a result, the study's hypotheses are supported by these effects. In spite of this, correlation analysis reveals substantial links not only among all independent variables and the dependent variable, but also demonstrates significant relationships among all independent variables among themselves.

The main objective of the paper was to identify the influences of marketing innovations on firm performance, and the relations between them. Therefore, the main objective of the study has been fulfilled. It has been empirically proven that innovative marketing implemented in the context of SMEs in Sulaymaniyah clearly makes enterprises highly perform. Furthermore, all the indicators in Table 4.2, are significant ( $p<0.05$ ). Thus, it supported our hypotheses which are summarized and shown in Table 6.

On the other hand, when we take into account the small and medium-sized businesses that were surveyed, we notice that innovative companies have a bigger market share, and overall sales have grown. When it comes to these market and financial requirements, each of the four forms of innovation plays a substantial beneficial impact in the firm's performance.

**Table (6) Results of Hypotheses**

Hypothesis	Assumption	Results
<b>H1</b>	There's positive relationship between Product innovation and firm performance.	Supported
<b>H2</b>	There's positive relationship between Process innovation and firm performance.	Supported
<b>H3</b>	There's positive relationship between Organizational innovation and firm performance.	Supported
<b>H4</b>	There's positive relationship between Marketing innovation and firm performance.	Supported

## 6. SUGGESTIONS

This is the first research that we are aware of that sheds light on marketing trends, innovation, and company performance in Sulaymaniyah, according to our knowledge. To have a complete grasp of the factors that determine innovation, however, additional study will be required in the future on the significance of marketing innovations and the carrying capabilities of small and medium-sized businesses (SMEs). In addition, we validated firm performance by using subjective measures that were taken from the respondents. Moving forward, future researchers may use financial statements to measure performance, which would allow them to correlate marketing innovation with company performance with economic and financial indicators.

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