

# The Role of Demand Management Strategies in Company Sustainability and Company Performance with the Mediation Role of Supply Chain Sustainability

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**Abstract**

The present study aims to investigate the role of demand management strategies in company sustainability and company performance with the mediating role of supply chain sustainability. This research is applicable in terms of purpose, and descriptive survey in terms of data collection. The statistical population of this research includes all the managers of the companies that distribute livestock inputs in the country (300 people), the census sampling method is available, which is obtained by using a questionnaire, which includes four dimensions of supply chain sustainability, demand management strategies, company sustainability and the performance of the company. Hypotheses were tested using structural equation modeling method based on partial least squares method, and data analysis of this research was done using Smart PLS version 3 software. The results show that demand management strategies affect the sustainability and performance of the company. It was also found that the stability of the supply chain affects the stability of the company. The mediating role of supply chain sustainability on demand management strategies and company performance was proved.

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## Extended Abstract

### Introduction

The issue of performance has made researchers and users think for years. In the past, commercial organizations only used financial indicators as a performance evaluation tool. But in the recent years, broader definitions have been proposed in this field; some researchers defined performance as work results, because it has the strongest link with financial goals and revenues, some others consider performance only as the results obtained and another groups consider it a behavior (Rezaian fardoie et al, 2023). It seems that the new definitions are more consistent with the performance of companies, because the emerging eras in the current time not only help companies in terms of performance, cost reduction, increased transparency, sustainability and efficiency (Iqbal et al, 2021), rather, companies should try to create stability and homogenization of the demand for their products and services, considering sustainability as a necessity, today a sustainable service is able to meet customer demands without any destructive impact on the natural and social environment. Therefore, companies should try to provide profitable products and services continuously, this will help the sustainability of the company (Rajani et al, 2022). One of the factors affecting the sustainability of the company is the stable demand for the products. Companies can influence the demand through demand management strategies, which is one of the important aspects of achieving the desired results (Iqbal et al., 2021). In fact, demand management strategies, along with supply chain stability, try to reduce supply chain challenges and disruptions, these disruptions have serious consequences in the financial affairs, market and operational performance of the company (Ebrahimi et al, 2021). Therefore, this research seeks to answer the question: does the demand management strategy affect the sustainability and performance of the company with the mediating role of supply chain sustainability?

### Theoretical framework

#### Company performance

Organizational performance includes the actual outputs and consequences of an organization's activities, measured in comparison with inputs. In other words, organizational performance refers to how the organization's missions, tasks, and activities are performed, along with their results (Muzammil, 2022).

#### Corporate sustainability:

Corporate sustainability is an approach aimed at creating long-term value for the organization's stakeholders through an environmentally friendly business strategy. In this approach, it is tried to focus on economic, cultural, social, environmental and moral dimensions. Also, long-term goals should not be sacrificed to achieve short-term goals. (Ashrafi et al, 2020)

#### Demand management strategies:

They are strategies that influence and control the way of managing demand, how to monitor and manage customer demand. These strategies include understanding what your customers want, as well as the plans necessary to meet those demands. These strategies help you plan and manage future demand and make sure you take the right actions to meet it (Mariano-Hernández et al, 2023).

#### Supply chain sustainability:

Supply chain sustainability is the impact that a company's supply chain can have in promoting human rights, fair labor practices, environmental progress, and anti-corruption policies. There is a growing need to integrate sustainable choices in supply chain management (Anindito, 2021).

Salimi (2024) in a research conducted under the title of investigating the relationship between performance on company sustainability and cost of capital by explaining the mediating role of

company risk on companies listed in the Tehran Stock Exchange, reached the following results: the results indicate that there is an inverse significant relationship between the performance and sustainability of the company with the cost of capital. Also, the mediating role of risk in the relationship between the performance and sustainability of the company and the cost of capital was confirmed. Also, this research determined that there is a significant relationship between the performance and sustainability of the company.

Rajani et al, (2022) in a research titled the role of demand management strategies in the sustainability of the service industry and the impact on company performance: using the structural equation modeling approach in the geographical region of India, have reached the following results: green human resource management practices (Human Resource Management) can help organizations align their business strategies with the supply chain and sourcing environment. Also, the results show that hiring and training based on green human resources have significant effects on the sustainability of the supply chain and sourcing. This means that in order to achieve sustainability, human resource managers must prioritize environmentally friendly sourcing. This knowledge should be transferred to the employees hired during the recruitment process.

### **Research methodology**

The current research aims to investigate the role of demand management strategies in company sustainability and company performance with the mediating role of supply chain sustainability. This research is applicable in terms of purpose and descriptive survey in terms of data collection. Hypotheses were tested using structural equation modeling method based on partial least squares method and data analysis of this research was done using Smart PLS version 3 software. The tool used to collect data is a standard questionnaire. The statistical population of this research includes all the managers of livestock input distribution companies (300 people), the census sampling method is available. The findings of this research show a significant relationship between demand management strategies on sustainability and company performance. The questionnaire of this research is taken from the researches of Agyabeng-Mensah (2020) in the field of supply chain sustainability, Rajani et al, (2022) in the field of demand management strategy, Saunila et al, (2022) in the field of company sustainability, Zhang et al, (2019) ) in the field of company performance, and 5 options are used from the Likert scale. This questionnaire includes questionnaires of supply chain sustainability (3 questions), demand management strategies (4 questions), company sustainability (3 questions), company performance (6 questions); each of which has its own subcategories, and the validity of the questionnaire was confirmed by 30 experts. and its reliability was calculated by CVI and CVR method; the CVI value of the above questionnaire is 85%, and the CVR value is equal to 51%. The results of data analysis were done through the structural equation model by SMART PLS version 3.

### **Research findings**

The results show that according to the obtained  $t$ , it can be concluded that demand management strategies have an effect on sustainability (7.557) and company performance (16.315). It was also found that the stability of the supply chain affects the stability of the company. The mediating role of supply chain sustainability on demand management and sustainability strategies (with a value of 0.439) and company performance (with a value of 0.352) was proved.

### **Conclusion:**

The results of research hypotheses using the structural equation model showed that supply chain sustainability plays a partial mediating role between the impact of demand management strategies on both sustainability (0.439) and company performance (0.352). Also, demand management strategies affect the sustainability of the supply chain. According to the results,

the value of  $t$  in the model of the role of demand management strategies in the stability of the company with the mediating role of supply chain stability is equal to 63.993 and in the model of the role of demand management strategies on the performance of the company with the mediating role of supply chain stability is equal to 61.054, which is higher than the value of 1.96, and at the 95% confidence level it can be said that demand management strategies have a significant effect on both sustainability and company performance. The results of many previous researches confirm this issue (Rajani et al, 2022, Govindan et al, 2020, Bag et al, 2021). Govindan et al, (2020) has addressed the topics of demand management and supply chain sustainability, Bag et al, (2021) to supply chain sustainability on performance, and Rajani et al, (2022) the supply chain strategies on the sustainability of the company.

In order to increase the sustainability of the company, it is suggested to the government to put more emphasis on environmental sustainability, social sustainability and economic sustainability, and give incentives in this field to industries and importers.

In order to increase the company's performance, managers should have a special focus on financial ratios such as return on assets, return on equity, and net profit. Also, these managers should be sensitive to marketing and sales indicators such as sales growth and manage it properly.