

Abstract: In order for firms to achieve competitive advantages, it is necessary for them to have superior marketing and operations capabilities. On the other hand, diversification strategy enables firms to create synergy and economies of scale. So, by considering the concepts of the strategic management, the marketing theories, and also the resource based view, examination of the relative effect of the functional capabilities (marketing and operations) and diversification strategies (product and international) on the financial performances of one hundred eighteen production/manufacturing firms admitted to the Tehran Stock Exchange Organization was undertaken. By considering the theoretical basis of the study, relative efficiency of firms regarding resources, capabilities, and performance were set as the moderator for variables. The data used for testing hypotheses were obtained from the financial statements and reports of the board of directors in the sample firms. The results of the multivariate regression analysis show that marketing and operations capabilities and also international diversification have significant positive impact on financial performances of the understudy firms and the operations capability has relatively more effect on performances of firms.