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FACULTY OF ECONOMICS
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Ph.D. Dissertation

Improving Business Performance of SMEs Through Digital Marketing Orientation and Service Quality with The Mediation Effects of Competitive Advantage: Evidence from Iraq

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Declaration

I, AL LAHEEBI GHAYTH, affirm that the dissertation submitted for the PhD in Business and Management program results from my independent research and represents my original work. Following academic standards, all sources utilized have been duly acknowledged and cited in the reference section.

Signed: AL LAHEEBI GHAYTH

Date: Miskolc, 2024.

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Acknowledgments

In the boundless quest for truth, I stand as but one seeker among many. To those whose wisdom lit my path, and the loved ones whose support anchored my journey, my deepest gratitude. This thesis is a testament to our collective pursuit of knowledge and the profound interconnectedness that binds us all.

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Abbreviation list

Assurance	ASR
Business performance	Bp
Competitive advantage	CA
Digital intelligence generation	DIG
Digital Marketing Orientation	DMO
Empathy	EMP
Planning resources and provisioning	PRP
Reliability	RL
Responsibility	RS
Service quality	SQ
Strategic emphasis	SE
Small and medium sized enterprises	SME
Tangible	TN
Market orientation	MO
Market Performance	MP

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Chapter 1: Introduction

This chapter lays the foundation for this research by clearly articulating the motivation, problem statement, research questions, and objectives. It provides a concise background, highlighting the study's significance and relevance, as well as the structure and the scope of the research. In the first chapter, I thoroughly discuss the rationale for undertaking this study. The primary aim of this chapter is to offer a comprehensive introduction to the research topic and to articulate the problem statement. Additionally, provided a detailed outline of the thesis's structure, setting the stage for the subsequent chapters.

1.1 Motivation Of the Study

Small and Medium Enterprises (SMEs) are crucial to economies, particularly in our increasingly globalized and digital world. They provide a significant source of employment and contribute to economic growth. The Iraqi SME sector is essential to the country's economic development. However, it needs to be more researched, particularly regarding digital marketing orientation, service quality, competitive advantage, and their impact on SMEs' performance. This study is motivated by the need to address this knowledge gap and understand the sector's strategic importance.

Recognizing the potential of digital marketing and understanding the quality-of-service implications on the business performance of SMEs is essential, the primary reason for this is the potential for substantial improvement in the performance of (SMEs), enabling them to compete effectively domestically in Iraq and on a broader level.

This study aims to serve as a valuable resource for SMEs in Iraq, offering them a comprehensive comprehension of the benefits and potential of digital marketing orientation so that to improve business performance and foster a competitive advantage. It also provides insight for policymakers and regulatory bodies, supporting them in their effort to create an environment that enables the growth and development of SMEs.

No prior study has explored this complex relationship in the Iraqi context, particularly integrating the role of competitive advantage as a mediator. This gap in the existing body of knowledge further motivates this study. Through this study, I aim to fill a gap in academic literature and offer practical recommendations to the stakeholders. This research may pave the way for future investigations and guide SMEs to navigate the challenging yet promising road to digital transformation.

1.2 Research Background and Problem Statement

The selection of this research theme is motivated by the intrinsic attributes of the contemporary business landscape within which SMEs operate. These attributes include resource-based competition, a customer-centric approach, and the dynamic nature of markets subject to rapid changes. To thrive in such a context, SMEs must exhibit a digital marketing orientation and deliver exceptional service, thereby equipping themselves to confront these challenges and engage in competition to attain superior performance by securing a competitive edge over their competitors.

The acceleration of global competition in today's increasingly interconnected society drives organizations to enhance their capabilities and performance. As new markets and products proliferate, the lifespan of existing products diminishes rapidly, necessitating the development of innovative strategies for meeting customer needs (Redmond, 2002). Alazmi & Zairi (2003) contend that as product lifecycles contract, technology advances, competitors evolve, regulations shift, and societal expectations transform, a firm's technological resources and human capital competencies are increasingly recognized as critical determinants of competitive advantage.

Businesses must adapt to the changing marketplace and adopt a strategic approach to digital marketing to remain competitive. Digital marketing, the focus of this research, allows promoters to reach consumers quickly and affordably. It lets consumers explore additional information about a brand's products and services online. This contemporary approach eliminates the difficulties inherent in conventional marketing, in which companies struggle to provide extensive brand information. Digital marketing helps to fast-track the process of gaining new customers; it seems a perfect medium to be able to command customer loyalty from sophisticated 21st-century youths, thereby fulfilling the two main goals of marketing, which are attracting new customers and growing existing ones and digital marketing with no doubt the best technique to use (Kotler & Keller, 2006).

However, previous studies on digital marketing adoption among SMEs found inconsistent results, especially between developed and developing countries. According to some studies, digital marketing offers several benefits for SMEs, such as enhancing customer relationships, increasing brand awareness, and improving competitiveness (Bruce et al., 2023). However, challenges and barriers hinder SMEs' adoption of digital marketing, such as a lack of skills, awareness, budget, and infrastructure (Yaseen et al., 2019). One of the factors that may explain the inconsistency in results between developed and developing countries is the level of internet penetration and access. According to the Wold Bank (2023), about three billion people remain offline; the vast majority are concentrated in developing countries without access. And the usage gap remains a challenge. Nearly half,43% percent, of the world's population, were not using mobile Internet last year, despite living in areas with mobile broadband coverage. This means that many SMEs in developing countries may not have the opportunity or the incentive to adopt digital marketing devices and strategies.

SMEs' adoption of digital marketing is influenced by another factor represented by the cultural and institutional context of different countries. For example, Eze et al. (2020) found that factors such as collective understanding, degree of partnership, diversity of information, and impact expectancy were critical for adopting digital marketing tools by service-oriented micro-businesses in Nigeria. These factors may reflect the specific characteristics and needs of the Nigerian market and society, which may differ from other countries. Therefore, it is important to consider both the technological and socio-economic aspects of digital marketing adoption among SMEs in different countries. There is no "one-size-fits-all" solution for this issue, but rather a need for tailored and context-specific approaches considering the opportunities and challenges SMEs face in different regions and sectors.

Thus, SMEs are not fully utilizing the capabilities of modern digital technologies, which prevents them from reaping the benefits these tools offer (Taiminen & Karjaluoto, 2015), these findings bring up the issue of whether SMEs have grasped the transformation in communication dynamics resulting from the digitization process. There is also not enough research on the adoption of digital technologies in businesses in Iraq as it is in other developing countries and if organizations benefit substantially from investment in digital marketing technologies. In 2016, the Ministry of Planning in Iraq reported that 80% of SMEs in Iraq had internet connections but had yet to adopt e-commerce. This assertion was confirmed by the Iraqi Ministry of Planning (IMP) and the National Investment Commission (NICI), who reported that SMEs' slow adoption of technology in Iraq makes their business operations less effective. The Iraqi government encourages SME owners to leverage the Internet to pursue competitive advantage and improve business operations (United Nations Industrial Development Organization (UNIDO), 2015).

This study focuses on the instance of Iraq, where the potential for digital marketing among SMEs has yet to be completely realized. This sluggish adoption of technology makes their business operations less productive and puts them at a competitive disadvantage. Although the environment in Iraq is unstable due to long-term civil conflicts and the dangerous political situation, the introduction of technology and motivation for service quality are considered critical for achieving better business repositioning. The Entrepreneurship and Technology for Business Facilitation program is seen as an excellent step toward this goal.

The Human Development Report by UNDP (2020) places Iraq's Human Development Index (HDI) for 2019 at 0.674. This is not a flawed assessment since the figure puts the country in the medium human development category. Between the years 1990 and 2019, Iraq's HDI increased from 0.560 to 0.674 (20.4%); other human development data in the period were also positive: Life expectancy increased by 4.6 years, expected year of schooling increased by 1.7years, GNI per capital increased by 32.2%. These statistics show that Iraq is not short of trainable human resources to drive digital marketing and service quality to make SMEs competitive.

One of the focuses of this research is competitive advantage. Three determinates are essential to creating competitive advantage: the product's benefit, the target customers, and identifying real competitors. Companies must thus set clear goals, strategies, and processes to build and sustain competitive advantage (Meslier et al., 2020). Furthermore, achieving organizational objectives such as survival, growth, and prosperity is contingent upon obtaining a competitive advantage that enables the organization to differentiate itself from its customers' perspective and improve business.

A destructive innovation can easily be absorbed if it is in tune with the organization's values, solves problems, and does not conflict with its culture. The global economy has transitioned from being manufacturing-oriented to being focused on a customer-centric approach. Gupta & Ramachandran (2021) stated that retailers in emerging markets must embrace a customer-centric approach to remain viable and thrive amidst digital disruptions in their business environment. Global consultancy firms and industry associations' studies underscore the significance

of adopting a customer-focused approach as a novel method for companies to realize improved performance, heightened brand strength, and enduring customer devotion (Accenture, 2008).

There remains a dearth of scholarly literature on the mediating mechanisms through which competitive advantage influences the association between digital marketing orientation, service quality, and business performance. According to the author's understanding, no studies have been conducted to investigate these relationships. Therefore, the present study aims to fill this research gap by introducing an empirical model that illustrates how competitive advantage acts as a mediator in the relationship between digital marketing orientation, service quality, and business performance, specifically within the context of Iraqi SMEs.

Generally, two directions of importance fuel this study. First, theoretically, this research provides a theoretical model for digital marketing orientation, service quality, competitive advantage, and business performance. Second, empirically, this study provides practical implications for SMEs. Also, it provides significant insight and demonstrates a good understanding of digital marketing orientation, service quality, competitive advantage, and organizational performance in the SMEs in the Iraqi context. This study's findings promise to help decision-makers and policymakers improve their digital marketing and service quality practices to improve business performance through the dynamic effect of competitive advantage.

Despite the fundamental role SMEs play in the economics of Iraq, there exists a need for more academic research into the interplay between digital marketing orientation, service quality, competitive advantage, and business performance within the context of Iraqi SMEs. This presents a significant gap, particularly given the substantial contribution of SMEs to Iraq's socio-economic fabric and the potential of digital marketing and service quality as a catalyst for business performance enhancement and competitiveness in an increasingly digitalized global economy.

Moreover, this lack of knowledge exacerbates the need for more inquiry into the mediating function of competitive advantage. This gap is noteworthy, particularly considering contemporary scholarly dialogue, which underscores the strategic significance of competitive advantage in operational dynamics and performance outcomes.

Consequently, this research aims to redress this significant gap in extant literature. Employing robust quantitative methodologies and leveraging the potential of structural equation modeling, this study sheds light on the complex interconnections between the investigated variables specifically within the context of Iraq. The overarching objective of this academic pursuit is to generate critical insights with potential strategic ramifications for enhancing the performance and resilience of Iraq's SME sector, thereby contributing to the sustainability and robustness of the nation's economy.

1.3 Purpose Of the Study

In the context of SMEs in Iraq, this study examines the associations between digital marketing orientation, service quality, competitive advantage, and business performance. The study aims to fill the knowledge gap in the academic literature on these connected elements and their effects on SMEs in Iraq. Additionally, the study aims to ascertain how the mediating mechanism

of competitive advantage in the relationship between service quality and business performance, as well as between digital marketing orientation and business performance in the context of SMEs in Iraq to produce significant insights that may have strategic implications for the SME sector in the area, the study proposes to use rigorous quantitative approaches, including structural equation modeling. This research aims to produce knowledge that can guide the creation and use of successful strategies for SMEs in an increasingly digitalized global economy, thereby contributing to the sustainability and resilience of the Iraqi economy.

1.4 Research Questions

The objective of this investigation is to generate robust and substantiated findings that address the following research questions:

1. Does a correlation exist between the orientation of digital marketing and the business performance of Small and Medium-sized Enterprises (SMEs) in Iraq?
2. Is the quality of services offered by Iraqi SMEs linked to their business performance?
3. Can digital marketing orientation enhance the competitive advantage of Iraqi SMEs?
4. To what extent does service quality contribute to the competitive advantage of Iraq's small and medium-sized enterprises (SMEs)?
5. In the context of Iraqi SMEs, does competitive advantage correlate with improved business performance?
6. Does competitive advantage mediate the association between digital marketing orientation and business performance in Iraqi SMEs?
7. Can competitive advantage mediate the relationship between service quality and business performance in Iraqi SMEs?

1.5 Objectives of the study

1. To investigate the association between using a digital marketing orientation approach and the business performance of Small and Medium-sized Enterprises (SMEs) in Iraq.
2. Examine the connection between service quality and business performance among SMEs in Iraq.
3. To analyze the impact of adopting a digital marketing orientation on the competitive advantage of SMEs in Iraq.
4. To determine the contribution of service quality towards gaining a competitive advantage for Iraqi SMEs.
5. To examine the relationship between competitive advantage and business performance in the context of Iraqi SMEs.
6. Evaluate the mediating effect of competitive advantage on the relationship between digital marketing orientation and business performance in Iraqi SMEs.
7. Investigate if competitive advantage mediates the relationship between service quality and business performance for SMEs in Iraq.

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1.6 Research Methods

This research is mainly an empirical study. It is to follow a positivist philosophy approach. At first, we will explore the literature reviews, but the quantitative research method will be applied to answer the research question and test the research hypothesis. The study will consider several peer-reviewed academic journals relevant to this study to develop a theoretical background upon which the study's framework can be derived. A structured questionnaire will be employed to collect the primary data.

1.7 Significance Of the Study

This study is relevant to the academic and pragmatic operations of SMEs in Iraq. From a scholarly viewpoint, this investigation bridges a significant research gap, investigating the complex relationship among the investigated variables. This study contributes to the existing academic discussion on the subject matter by offering empirically grounded findings. It enriches the scholarly literature about SMEs, specifically regarding the variables under exploration.

From a practical perspective, the findings of this study possess strategic significance for SMEs in Iraq. SME managers can learn about the possible advantages of digital marketing orientation. Moreover, recognizing the influence of digital marketing on competitive advantage could guide SMEs on how to utilize digital platforms and technologies to secure a competitive position in the market. The study of the connection between service quality and business performance underlines the necessity to deliver superior services to boost performance and customer satisfaction levels.

Moreover, the acquisition of this knowledge holds significant value for policymakers, business aid organizations, and stakeholders in formulating efficacious strategies and implementing measures to foster the growth, sustainability, and resilience of the SME sector in Iraq. This study is significant due to its potential to facilitate the growth of evidence-based practices and informed decision-making within Iraqi SMEs. The objective is to provide valuable insights to SMEs to enhance their competitiveness, stimulate economic development, and foster a thriving entrepreneurial environment in Iraq.

1.8 Scope Of the Study

This research has a carefully defined scope considering various dimensions such as theoretical foundations, target industry, geographical focus, and methodological approach. The study is based on the context of Iraq, an emerging market, to understand better how the frameworks can be applied in different economic landscapes. Methodologically, the study strictly employs a quantitative approach through a survey questionnaire. The collected data is analyzed using Structural Equation Modeling (SEM. This ensures that the study's findings are empirically substantiated, providing a quantitative understanding of the interplay between the examined variables.

1.9 Structure Of the Thesis

To achieve the objective of the thesis and answer research questions, five chapters combined were conducted to constitute this dissertation. The first chapter was the introductory section of this thesis; the chapter included the research background and the motivation, research

objectives, and the study's questions. The second chapter represents the literature review part, providing a comprehensive conceptual understanding of the study variables. The primary constructs, digital marketing orientation, service quality, competitive advantage, and business performance, were defined in this chapter while the research model and the theoretical framework development were presented in second half of the chapter with the hypothesis development. Furthermore, a comprehensive research methodology was emphasized in chapter three; in this chapter, the research design, instruments, operationalization, data collection, and analysis tools were presented in detail.

Chapter four of this research was separated for the data analysis, starting with the screening process, descriptive statistics, validity, and reliability test, exploratory and confirmatory factor analysis. Subsequently, the second half of this chapter was the other central part of our empirical testing; this part separated for the hypothesis testing, structural equation modeling was conducted, and the results were compared against the cut-off values of model fit indices.

The fifth chapter was the last part of this thesis; this chapter consists of the main findings and the new scientific results, the conclusion of the thesis work, and contribution for practitioners and academic also embedded. Lastly, a future research direction was set. The research process is presented in the following diagram, Figure 1.

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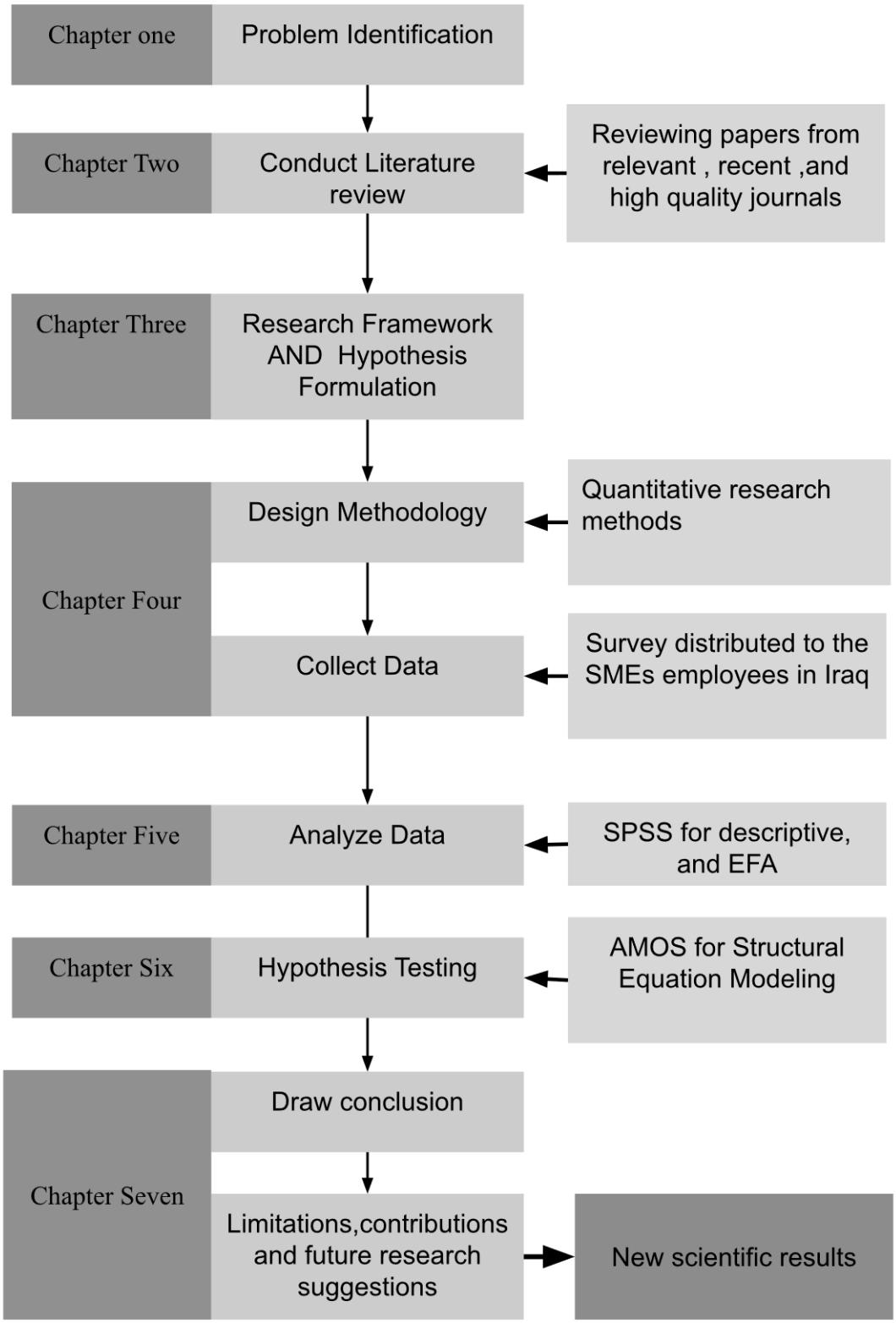
Figure 1: Research Process



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Chapter 2: Literature Review and Theoretical Framework Development

This chapter conducts a thorough analysis of key literature on digital marketing orientation, service quality, competitive advantage, and business performance. This chapter's primary goal will be to give a thorough definition and operationalization of these variables and to develop the research framework. We begin by thoroughly investigating the concepts and defining its significance in the current situation. Our focus then moves to the develop our hypothetical model and the associated hypotheses.

2.1 Digital Marketing Orientation

Digital marketing has revolutionized the way companies manage and interconnect with customers, offering improved reach, targeted advertising, cost-effectiveness, real-time engagement, data-driven decision-making, brand building, reachable customer feedback, and a culture of continuous innovation to address the challenges of the modern marketing landscape (Diez-Martin et al., 2019). Web-based shopping and interactions affect consumers and help them achieve their shopping goals (Cetină et al., 2012). Thanks to digital selling, advertising, and selling strategies are replaced by monotonous broadcasting and ongoing promotion (Balaji, 2020). By incorporating social media marketing, advertisers can consider customer sentiment about the product and the competition's maneuvers to capitalize on existing opportunities and advance one's overall strategic marketing strategy.

Marketing development over the past decade has significantly affected people's lives, altering their daily routines, consumption habits, and behavior. These trends have been driven by technological advancements and changing consumer preferences. The digital platforms result in increased connectivity and personalized marketing strategies. Digital marketing contributes to the aggregate of mass consumers' behavioral and influencing trends. Digital marketing techniques and tools are displacing conventional approaches, and the inclusion of digital marketing tools and techniques is guaranteed to produce more effective and productive marketing and is vital to companies' overall success (Yamin, 2017). We understand that business marketers must not fail to understand the value of it in their tactics; otherwise, the business would be isolated from the benefits of internet potential, which could include branding, pricing, delivery, and promotion methods.

In this digital epoch, the landscape of marketing has seen monumental shifts. Firms now exploit a variety of digital mediums to connect with their prospective customers. The ubiquity of social media, smartphones, and other digital platforms has ushered in opportunities for businesses like never before, allowing for rich engagement and bespoke customer experiences. The technological upheaval we're experiencing has birthed a time when firms can gather abundant information about consumer patterns and preferences. This development opens avenues for shrewd decision-making and precise customer engagement. This shifting trend emphasizes the burgeoning influence of data in designing marketing strategies and heralds a crucial transition that businesses need to embrace to keep pace with the competition in this digital age.

The marketing approach is distinguished as a corporate perspective that necessitates harmonizing and aligning all marketing activities with the wider corporate functions, aiming to maximize the organization's long-term profitability. A marketer's triumph is often rooted in how

effectively other business leaders collaborate. The goal is to design a holistic package of value specifically suited to the prospective consumers. (Kotler, 2020). This approach embodies a strategic, cross-functional approach that encompasses all areas of marketing, including product development, pricing, promotion, and distribution, to ensure that the firm's marketing efforts are congruent with its overarching business objectives. By adopting this approach, firms can achieve sustained competitive advantage and enhanced financial performance in the long run.

In recent years, a considerable amount of research has been conducted on the concept of market orientation see (Udriyah et al., 2019; Pratono et al., 2019; Na et al., 2019). In Marketing literature, the concept of "market orientation" pertains to a set of enduring activities that companies engage in to systematically monitor, analyze, and respond to changes in the market environment (Saeed et al., 2015) . Felton (1959) describes market orientation as a firm's dedicated approach to understanding and fulfilling its customers' needs to create value and gain a competitive advantage.

Studies have examined the relationship between market orientation and a company's performance (Pratono et al., 2019; Harris & Ogbonna, 2001; Udriyah et al., 2019; Na et al., 2019) , the process of adopting a market orientation as a strategic decision and the factors that drive the implementation of market orientation within an organization, findings of these studies have steadily explained that enterprises with a strong market orientation verge to perform better financially and have superior levels of customer satisfaction.

Marketing has become data-driven by the rise in data usage; this has led to the emergence of a data-driven marketing paradigm. According to Shah & Murthi (2020), data-driven marketing increases customer engagement, loyalty, and profitability as a result. This new paradigm in marketing requires analytical and creative skills to make successful marketing campaigns that outperform competitors. These results demonstrate the importance of data in shaping modern marketing practices and emphasize the need for businesses to embrace data-driven approaches to remain competitive.

Market orientation (MO) is an approach that focuses on understanding customer needs, competitor actions, and market trends to create notable value for customers (Kohli & Jaworski, 1990; Narver & Slater, 1990) , and has emerged as a critical factor in the marketing scope involves the strategic use of digital tools, platforms, and channels to create and communicate value to customers (Tiago & Veríssimo, 2014). The concept of MO has progressed over time, moving from a focus on product and sales orientations to a customer-centric practice and value-driven approach (Kotler et al., 2018). Businesses have witnessed a rapid digital transformation requiring the adoption of digital technologies to maintain competitiveness and improve their market orientation focus (Brodie et al., 2008). The concept of (DMO) includes various elements, including digital marketing strategy, channels, customer engagement, and analytics and frameworks have been suggested to comprehend the role of DMO in businesses, including the digital marketing and social media framework (Ryan, 2016), and digital marketing planning framework (Chaffey & Ellis-Chadwick, 2019)

Studies have implied that digital marketing tools and strategies can significantly improve a firm's market orientation (Leeflang et al., 2014). Literature suggests that digital marketing orientation offers numerous benefits, such as enhanced customer knowledge, improved market

responsiveness, and increased innovation (Hajli, 2014; Lamberton & Stephen, 2016). Digital marketing orientation has several key factors that contribute to the integration of digital marketing orientation (DMO) in the framework of market orientation (MO)

Such key factors are, first, Customer insights: Digital marketing tools provide access to rich customer data, enabling firms to understand customer needs and preferences in a better way, thus improving market orientation (Huang & Rust, 2018) . Second, Competitive intelligence: Digital marketing platforms enable firms to monitor competitors' actions, helping them respond more effectively to market changes (Homburg et al., 2015), and third, Market communication: DMO allows businesses to tailor marketing communications to specific customer segments, resulting in increased customer engagement and loyalty (Kumar et al., 2016). Fourth, Organizational culture and structure: Firms with strong digital marketing orientation are more likely to have a supportive organizational culture that promotes innovation, collaboration, and learning, enhancing market orientation Brettel et al. (2011), which will lead to better business performance (Harris L. C., 2001).

By leveraging digital marketing tools and platforms, businesses can gain valuable customer insights, monitor competitor actions, and tailor marketing communications to better respond to market trends and customer needs. Effective integration of digital marketing strategies is necessary to improve a firm's market orientation (Chinakidzwa & Phiri, 2020). Moreover, a supportive organizational culture that encourages innovation and collaboration further strengthens the customer-centric strategy of the enterprise (Tuominen et al., 2023). In today's dynamic business landscape, digital channels provide valuable insights into customer behavior, preferences, and market trends. By leveraging data from social media, search engines, email campaigns, and websites, firms can adapt swiftly to changing market dynamics (Homburg et al., 2017). The table below provides a summary of the main studies see Table 1.

Table 1

Literature Discussion on Digital Marketing Orientation

Author(s)	Year	Perspective	Key Concepts
Diez-Martin et al., Cetină et al., Balaji	2019, 2012, 2020	Digital Marketing Revolution	Improved reach, targeted advertising, real-time engagement, data-driven decision-making, customer sentiment analysis, and strategic marketing enhancements.
Yamin, Kotler	2017, 2020	Technological Advancements and Holistic Marketing	Digital marketing tools essential for success; aligning marketing activities with corporate functions to maximize profitability.
Udriyah et al., Saeed et al., Felton	2019, 2015, 1959	Market Orientation Research	Market orientation improves financial performance and customer satisfaction; enduring activities to monitor and respond to market changes; understanding and fulfilling customer needs.

Shah & Murthi, Kohli & Jaworski	2020, 1990	Data-Driven Marketing and Market Orientation Evolution	Increases customer engagement, loyalty, profitability; understanding customer needs, competitor actions, market trends to create customer value.
Tiago & Veríssimo, Brodie et al.	2014, 2008	Strategic Use of Digital Tools and Digital Transformation	Creating and communicating value through digital tools; adopting digital technologies to maintain competitiveness.
Ryan, Chaffey & Ellis-Chadwick	2016, 2019	Digital Marketing Frameworks	Digital marketing and social media frameworks; digital marketing planning frameworks.
Leeflang et al., Hajli, Lamberton & Stephen	2014, 2014, 2016	Benefits of DMO	Enhanced customer knowledge, improved market responsiveness, increased innovation through digital marketing tools.
Huang & Rust, Homburg et al.	2018, 2015	Customer Insights and Competitive Intelligence	Digital tools provide rich customer data; monitoring competitors' actions through digital platforms.
Kumar et al., Brettel et al., Harris L. C.	2016, 2011, 2001	Market Communication and Organizational Culture	Tailoring marketing communications to increase engagement and loyalty; supportive culture promotes innovation and collaboration.
Chinakidzwa & Phiri, Tuominen et al.	2020, 2023	Integration of Digital Marketing and Dynamic Business Landscape	Improving market orientation through digital marketing; digital channels provide insights into customer behavior and market trends.
Homburg et al.	2017	Adapting to Market Dynamics	Leveraging data from digital channels to adapt to changing market dynamics.

Source. Own Compilation.

2.2 Service Quality

The concept of quality is subject to a wide range of definitions, different well-known authors have differing interpretations of what constitutes quality (Endeshaw, 2021). Crosby (1979) emphasized strict adherence to specifications, while W. Edwards Deming (1988), Armand V. Feigenbaum (1983), and Kaoru Ishikawa (1987) viewed quality as meeting customers' needs and expectations. On the other hand, Joseph M. Juran (1988), introduced a more comprehensive approach, incorporating both the importance of conformance with specification and satisfaction into his definition of quality. The difference between perspectives and the absence of

agreement regarding service quality definition demonstrates the complexity and subjectivity of the concept.

The concept of quality is relative, and this indicates a lack of agreement on a specific definition. Crosby (2006) says, "There are many, many definitions of quality." A variety of explanations were given to quality according to Garvin (1984), and it is classified in terms of their point of focus into seven main groups: value-based, transcendent, manufacturing-based, user-based, product-based, multidimensional, and strategic. In the transcendent explanation, quality is identified as excellence in all aspects. It is an absolute notion; Shewhart (1931) definition of quality is "goodness of the product," while the manufacturing-based definition focuses on keeping the defects rate in production within an acceptable limit and producing in accordance with specifications, Crosby (1979) defined quality "conformance to requirements".

Product-based quality definitions see that the quality of a product is a set of characteristics and is a measurable construct. Some authors defined it as durability, serviceability, reliability, or long life of a product, and they propose that the increase in a list of product features would lead to an increase in quality; such definitions are: (Garvin, 1984; Schmalensee, 1970; Swan, 1971; Feigenbaum, 1983). In user-based quality, the definitions of quality focus on the satisfaction of user's needs, but the difficulty of measuring customers' needs and transforming them into or including them in a product or service makes its application hard extremely, (Juran, 1988) stated that quality is" fitness for use" this definition in line with other definitions such as (Ishikawa, 1987; Kuehn & Day, 1962; Deming, 1988) and the focal base of these definitions is the satisfaction of customers.

The value-based quality of this category is an extension of the user base category, as the focus on customer satisfaction still represents the core interest, but another variable is the price, so in this category, concentrated or concrete focus on the satisfaction of customers with reasonable price and the "fitness for use at an acceptable price" definition by Broh (1982). multidimensional quality, this description aggregates different aspects of product and service quality (Parasuraman et al., 2002) determined (tangibles, responsiveness, reliability, empathy, and assurance) as quality dimensions of service. Strategic quality is defined as the strategic value driven out of a product or service's quality and having a competitive advantage;" quality is one way to differentiate a product from its competitors" (Porter, 1980).

The definitions in the whole category are connected and related to each other in some respects. On the other side, service quality, as a fundamental aspect of business performance, has garnered significant attention from practitioners, managers, and researchers alike. Its influence on factors such as cost reduction, customer satisfaction, customer loyalty, and profitability highlight the critical importance of this concept (Boonlertvanich, 2019; Asnawi et al., 2020). As a result, studying and comprehending the intricacies of service quality has become a crucial aspect of both academic research and practical application. The focus on this area is aimed at discovering the most effective methods for achieving and maintaining high levels of service quality, which in turn contributes to the overall success of organizations. This is why it remains a relevant and continuously evolving topic of investigation, with new insights and findings being generated regularly.

Service quality remains a topic of great academic interest, yielding two leading viewpoints: the European and the American schools of thought. Developed by Gronroos in 1984, the European perspective emphasizes the assessment of service quality through an examination of both functional and technical dimensions. However, it does not wholly encapsulate the influence of physical surroundings on perceived service quality. Contrastingly, the American perspective, championed by Parasuraman and colleagues in the years 1985, 1988, 1991, and 1994, this viewpoint proposes service quality as a function of the disparity between what customers anticipate and their real experiences of the delivered service. The American perspective significantly underscores the pivotal role of the physical environment in shaping customer experiences, thereby influencing their perception of service quality.

Numerous research studies have been conducted on service quality, yielding many theoretical models (Supriyanto et al., 2021). One of the most prominent of these is the SERVQUAL model. Parasuraman and colleagues in 1985 developed the SERVQUAL model; since its introduction, the model has been subject to debate among scholars and has received intense replications in studies. Influential figures such as Carman (1990), Cronin Jr. and Taylor (1992), and Teas (1993) have all significantly enriched the debate, either encouraging or questioning the validity of the SERVQUAL model. This intense academic dialogue provided valuable insight into the difficult character of service quality and the fundamental difficulties in its measurement. The SERVQUAL has witnessed widespread use for the assessment of service quality, gaining an enormous number of references in marketing studies, evidencing its extensive application and influence in both the academic and business sectors (Brown et al., 1993).

However, the SERVPERF model by Cronin & Taylor (1992) considers service quality solely in terms of performance, arguing that customer perceptions of service performance are more influential than preconceived notions in deciding service excellence. The SERVPERF model has the same dimensions as SERVQUAL, but it avoids the necessity for expectation measures. While traditional models have provided useful insights, new research has highlighted the necessity for context-specific or sector-specific models considering quickly changing consumer expectations and service environments. While traditional models have provided useful insights, new research has highlighted the necessity for context-specific or sector-specific models considering quickly changing consumer expectations and service environments, such models for instant AIRQUAL Ekiz et al. (2006), INFSQUAL Rose et al. (2016) HEISQUAL Abbas (2020)

The SERVQUAL instrument, has received considerable academic attention. Since its inception, numerous researchers have attempted to reproduce and query its structure and thought. This has led to several studies and debates, including significant publications by (Carman, 1990; Cronin & Taylor, 1992; Teas, 1993) that seek to confirm or disprove its validity. Consequently, the SERVQUAL instrument has gained widespread acceptance in marketing and business (Brown et al., 1993). The prevalence of references to SERVQUAL research in marketing literature attests to its pervasive application and influence. Therefore, this model of its five dimensions was adopted in this study.

Several studies have successfully adopted the SERVQUAL model to measure the quality of service from the perspective of employee's evaluations (Saleh & Ryan, 1991; Jonkisz et al., 2022; Dedeoğlu & Demirer, 2015), demonstrating its applicability beyond customer. Using

SERVQUAL to gather insights from managers provides critical information about how service quality is perceived and managed internally and helps to identifying gaps between management's intentions and actual service delivery, ultimately contributing to better alignment and improvement strategies.

Service quality has long been a crucial focus for companies aiming to differentiate themselves in competitive markets. Ensuring high service quality means meeting or exceeding customer expectations, which in turn fosters customer loyalty and satisfaction. However, as markets evolve, companies need to look beyond traditional measures of service quality and embrace broader concepts that integrate service into the core of their business strategies. One such concept is service-dominant logic (S-D logic)

Service-dominant logic (S-D logic) is a contemporary framework that redefines the traditional concepts of marketing and economic exchange. Developed by Stephen Vargo and Robert Lusch, S-D logic posits that service - the application of skills and knowledge for the benefit of another entity - is the fundamental basis of all economic exchange (Vargo & Lusch, 2004). This perspective shifts the focus from goods-centric views, where tangible products are the core of transactions, to a service-centric view where value is co-created through interactions and resource integration between multiple actors, including businesses, customers, and other stakeholders (Maglio & Spohrer, 2008). The logic emphasizes that all economic activity is essentially about service provision, whether directly through interactions or indirectly through goods that facilitate service delivery (Vargo & Lusch, 2016).

Focusing on service is crucial for both service providers and manufacturing companies because it enhances the understanding and management of value creation. In a service-dominant framework, value is co-created in collaborative processes between providers and beneficiaries, rather than being embedded in goods and transferred from producer to consumer (Prahalad & Ramaswamy, 2000). This approach encourages companies to innovate by integrating their offerings with customer needs and experiences, fostering stronger relationships and customer loyalty (Ballantyne & Aitken, 2007). By adopting S-D logic, companies can move beyond traditional product-centric strategies and embrace a holistic view that emphasizes the role of service in driving economic and social value, leading to sustainable competitive advantages in an interconnected market ecosystem (Akaka & Lusch, 2013).

2.3 Dimensions Of Service Quality

2.3.1 Tangibility

Tangible aspects of a service, as defined by Parasuraman (2004), are the physical aspects of service delivery, and this idea was proposed by (Parasuraman et al., 1994; Bitner et al., 1992). These aspects provide the physical proof of a service, excluding the staff's physical appearance, which falls under the dimension of human interaction. On the other hand, intangible factors of staff-customer interactions also influence the perceived quality of service, this influence can be either beneficial or detrimental, as noted by Ghylin et al. (2008).

The physical environment has a considerable impact on customers' perceptions of service quality, with influences spanning physiological, psychological, emotional, and cognitive aspects

(Moon & Armstrong, 2020; Ghylin et al., 2008). Following the initial proposal by Bitner et al. (1992) and Parasuraman et al. (1994), numerous studies have adopted the concept of tangibility as a cornerstone in judging service quality. Wakefield and Blodgett (1996, 1999) expanded on this by introducing the notion of facility aesthetics, which considers variables such as architectural design, color scheme, interior layout, exterior environment and construction, internal structure, cleanliness, and staff appearance. The tangibility of service quality provides clients with tangible verification of service standards, which is especially important when there is no direct contact with service people - consider online purchases where the service process is hidden (Moon & Armstrong, 2020).

Customers are more concerned with the physical appearance and functionality of the service delivery process, such as the appearance and functioning of the bank branch and ATM (Bahia & Nantel, 2000). Afthanorhan et al. (2019) found a strong correlation between service quality and customer satisfaction. Bahia and Nantel (2000) found that bank customers who rated the service facility's appearance better were also more satisfied. Ghylin et al. (2008) found that customers who rated the service facility's look higher were more emotionally satisfied.

Numerous factors contribute to the degree of satisfaction, such as the quality of the service, customer expectations, attitudes, and the inherent characteristics of the service (Boshoff & Gray, 2004). Yet, the tangibility component in service quality models, despite its widespread use, has faced criticism concerning its applicability. Some argue that tangibility may not always be the most critical element for customers, suggesting that its importance might be overemphasized (Oliver, 2015). It's important to recognize that different customers can experience varying levels of satisfaction due to their individual biases and unique interpretations of the service (Ueltschy et al., 2007).

2.3.2 Responsiveness

Employees' willingness to assist clients is an important component of the service quality model (Parasuraman, 2004). This includes mailing a transaction slip, confirming a mortgage, and updating accounts quickly (Alexandris et al., 2008). As a metric, it's particularly pivotal in industries like retail banking, where Ladhari (2008) suggested that an increased pace of information processing can contribute positively to customer satisfaction.

However, gauging responsiveness as a measure of service quality is not without challenges. Firstly, the meaning of 'responsiveness' can differ based on the context and industry, making it complex to formulate a universal measure (Ladhari, 2008). Secondly, understanding a customer's perception of responsiveness can be tricky as individual expectations of what prompt service looks like can vary (Alexandris et al., 2008). Therefore, evaluating responsiveness necessitates a comprehensive approach that considers the unique needs and preferences of each customer, as well as the specificities of the service industry.

Investigations into responsiveness as a factor in service quality have generally revealed a positive correlation with customer satisfaction and loyalty. Kaltsatou (2007), for instance, discovered that retail banking customers who rated the responsiveness of service staff highly were also more satisfied overall. Similarly, Ladhari (2008) found a direct link between the speed of information processing and levels of customer satisfaction. Nevertheless, not all studies align

with the idea that responsiveness is the foremost determinant of customer satisfaction across all service industries.

2.3.3 Reliability

Reliability refers to the dependability and consistency of the service (Iberahim et al., 2016; Ghylin et al., 2008) . The reliability of a service is determined and affected by the structured aspects of the service delivery process (Alexandris et al., 2008). Customers' perception of service delivery is affected by its reliability, as consistently delivered service in a timely and efficient manner is more likely to be perceived as high-quality compared to one that is frequently delayed or experiences disruptions (Ladhari, 2008). Additionally, simplicity and standardization of the service delivery process contribute to the service's dependability. (Ghylin et al., 2008). Customers value a streamlined service process because it eliminates any confusion or complications in receiving the service.

Parasuraman et al. (1988) discovered that service reliability is a crucial factor in determining customer satisfaction. In a similar vein, Zeithaml et al. (1996) discovered that reliability is one of the five most essential aspects of service quality. Some researchers have argued that the concept of reliability is expansive and challenging to operationalize (Alexandris et al., 2008). In addition, measuring reliability in service contexts is difficult because it can be affected by several internal and external factors, such as employee behavior, adapted technology, and the surrounding environment and many marketing scholars, such as Alexandris et al. (2008), underline the importance of these structured aspects of service delivery reliability.

2.3.4 Assurance

Assurance is an aspect that pertains to the faith and trust that a business instills in its clientele through its set of rules, operations, and employee conduct. The emphasis in this facet of service quality lies in delivering timely and correct data, adopting a receptive approach towards customer grievances, and maintaining an unwavering professional manner throughout customer interactions. A business that constantly demonstrates these attributes is likely to forge durable customer relationships, promoting customer loyalty. Assurance is a critical element in service quality frameworks, as it signifies the degree of trust and faith that customers place in their service provider. This factor is instrumental in promoting customer loyalty. Multiple studies have highlighted the impact of a service provider's level of assurance on customer satisfaction (Ladhari, 2008).

2.3.5 Empathy

Empathy refers to a service provider's ability to understand and reflect on their clients' feelings. This factor enables service providers to provide personalized attention to each client, resulting in increased customer satisfaction and fidelity. Alexandris et al. (2008) describe empathy as the cognitive association with another's feelings, ideas, or mindsets. Since then, numerous studies have investigated the impact of empathy on customer happiness and faithfulness in a variety of industries, including banking, retail, and healthcare. Sugiarto and Octaviana (2021) emphasized the need for empathy in banking, arguing that bank workers should prioritize their clients' interests and provide all required information.

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The importance of empathy lies in the fact that it aids in the development of strong customer relationships, and the enhancement of customer satisfaction (Sheu & Chang, 2022; Ghylin et al., 2008) observed that higher levels of empathy were associated with higher levels of consumer loyalty and satisfaction (Wieseke et al., 2012; Fida et al., 2020). However, some academics have criticized the concept of empathy in the context of service, citing its subjectivity and difficulties in measuring, it is still unclear how these characteristics interact to impact consumers' views of service quality (Murray et al., 2019). For comprehensive view see Table 2.

Table 2

Literature Discussion on Service Quality

Author(s)	Year	Perspective	Key Concepts
Crosby	1979	Manufacturing-Based Quality	Quality as "conformance to requirements".
Garvin, Schmalensee, Swan, Feigenbaum	1984, 1970, 1971, 1983	Product-Based Quality	Quality as durability, serviceability, reliability, or long life of a product.
Juran	1988	User-Based Quality	Quality as "fitness for use".
Broh	1982	Value-Based Quality	Quality as "fitness for use at an acceptable price".
Parasuraman et al.	2002	Multidimensional Quality	Quality dimensions: tangibles, responsiveness, reliability, empathy, and assurance.
Gronroos	1984	European Perspective on Service Quality	Service quality assessed through functional and technical dimensions.
Parasuraman et al.	1985, 1988, 1991, 1994	American Perspective on Service Quality	Service quality as a function of the gap between customer expectations and actual service experience.
Parasuraman et al.	1985	SERVQUAL Model	Assessment of service quality based on gap analysis; widely used and debated.
Cronin & Taylor	1992	SERVPERF Model	Service quality assessed solely in terms of performance; avoids expectation measures.

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Ekiz et al., Rose et al., Abbas	2006, 2016, 2020	Sector-Specific Models	Context-specific models considering changing consumer expectations and service environments.

Source. Own Compilation.

2.4 Competitive Advantage

Various perspectives on what constitutes a competitive advantage have been presented in the literature on strategic management. Porter (1985) has characterized it as a company's ability to carry out value-chain activities more efficiently or cost-effectively than competitors, emphasizing cost leadership or difference. Barney (1991) positing competitive advantage as possessing resources that are valuable, rare, inimitable, and non-substitutable (VRIN), thus leading to superior performance. Taking this viewpoint even further, Peteraf (1993) emphasizes dynamic capabilities, implying that a firm's competitive advantage depends not just on retaining valuable resources but also on adapting them to changes in the competitive environment. Lastly, Wernerfelt (1984) also highlights the importance of resources, focusing on a firm's ability to utilize its resources to maximize its economic rents.

According to Wernerfelt's perspective, a competitive advantage materializes when a company can use its distinctive resources effectively, resulting in higher profits than its rivals. The notion of competitive advantage often draws out a sense of reverence among strategists, leading to a propensity for emulating the strategies employed by highly successful companies (Christensen, 2001). Competitive advantage, a pivotal construct in strategic management, revolves around an organization's capacity to deliver commensurate benefits relating to competitors through cost leadership or differentiation. Cost advantage entails providing comparable benefits as rivals, albeit at a lower cost, thus allowing price advantages to customers (Barney, 1991). In contrast, differentiation advantage involves outperforming competing products by offering distinctive features that surpass customer expectations (Porter, 1985). In summary, while varying in their emphasis, the definitions of competitive advantage agree that it is a distinctive characteristic of a company that empowers it to outperform its rivals.

A competitive advantage is characterized by a company's capability to capitalize on unique strengths to outperform its competitors, as understood by several eminent scholars in the field. According to Porter (1985), a firm develops a competitive advantage when it can provide identical benefits as its competitors, even at a reduced cost, or when it can offer benefits that surpass those of competing products, resulting in added value to its offerings. Meanwhile, Barney (1991) proposes a resource-based perspective, positing that a firm's resources are categorized as physical capital, human capital, and organizational capital resources; these resources are pivotal in determining its sustained competitive advantage. Furthermore, he stresses that competitive advantage is sustainable when a firm executes a value-creating strategy not yet concurrently implemented by any existing or potential competitors, and these competitors cannot replicate the benefits of this strategy. Grant (1991), on the other hand, argues that a firm's ability to manage internal and external relationships plays a critical role in securing a competitive advantage. Emphasizing a resource-focused perspective, he maintains that a firm's resource

capacity is instrumental in developing a competitive advantage. Therefore, it's clear that, although the specific definitions may vary, a competitive advantage essentially refers to a business's unique capacity to outperform its competitors.

The pursuit of competitive advantage is a foundational idea that can be found woven across a significant corpus of academic research on strategic management (Coyne, 1986; Ghemawat, 1986; Porter, 1985; Williams, 1992; Baaij & Dalen, 2004). It is a central tenet in the academic talk, elucidating organizations' strategies to differentiate themselves from competitors and secure superior market positions. The extensive investigation of this idea has led to a rich theoretical framework encompassing various perspectives, frameworks, and empirical studies aimed at comprehending the intricacies and implications of competitive advantage.

According to Barney (1991), a company's competitive advantage emerges from a strategic framework that efficiently minimizes costs, capitalizes on market opportunities, and mitigates dangers provided by competitors. In this viewpoint, the competitive advantage gained from a strategy takes precedence over the approach itself. It is highlighted that competitive advantage is a predictor of performance rather than a performance metric in and of itself. This viewpoint contends that a firm's competitive position is determined by its strategic decisions and actions. A company's market position can be improved through decreasing costs and undercutting competitors on price.

Building upon the fundamental ideas initially developed by Barney (1991), Newbert (2008) revealed an informative understanding of the concept of competitive advantage. In Newbert's view (2008, p. 752), competitive advantage emerges as the degree to which an enterprise can harness opportunities, effectively stave off threats, and efficiently minimize costs. It is worth noting that Barney's formulation emphasizes the predictive character of competitive advantage. In other words, having a competitive advantage enhances the possibility of excellent market success. It does not, however, ensure success because performance depends on various contextual elements as well as the proper development and execution of strategic initiatives. Furthermore, Barney's definition of competitive advantage covers the idea that it results from a well-planned and implemented strategy that includes cost reduction, market opportunity exploitation, and competitive threat neutralization. Additionally, rather than being synonymous with performance, this definition highlights that competitive advantage is a prelude to more remarkable performance. Organizations can strategically position themselves for long-term success in the dynamic and competitive business landscape by understanding and utilizing this conceptual framework.

While researchers such as Porter, Barney, Peteraf, and Wernerfelt developed core theories on competitive advantage, additional perspectives have evolved in the field. Grant (1996) Introducing the Knowledge-Based View - a groundbreaking concept highlighting the power of distinct, mainly implicit, knowledge within an organization. This invaluable resource can foster a distinct edge over competitors, as it is not easily understood or replicated. The Dynamic Capabilities View by Teece & Pisano (1997) expanded on the Resource-Based View by considering a firm's ability to adapt, amalgamate, and reconfigure internal and external skills in response to rapid environmental changes. The Relational View by Dyer & Singh (1998) emphasized the value of partnerships, alliances, and networks among businesses as a means of gaining an

advantage in the marketplace. Kim & Mauborgne (2004) suggested the Blue Ocean Strategy, which is the attainment of a competitive advantage derived from the establishment of an unchallenged market domain, as opposed to engaging in competition within an already established market. Amit & Zott (2012) posited that innovation in business models, including the application of digital technologies, can lead to a competitive advantage. Lastly, the perspective of Platform-Based Competition, put forth by Parker et al. (2016), implies that a company might obtain a competitive advantage by running a thriving platform that connects users and facilitates exchanges. These definitions demonstrate the expansion of the concept of competitive advantage, including characteristics such as knowledge, adaptability, relationships, innovation, and digital technology.

Scholarly discussion and research on competitive advantage result in a huge amount of academic output and a multitude of definitions and assertions relating to this concept. Sigalas et al. (2013) proposed two distinct lines that define the conceptual boundaries of competitive advantage to characterize the many definitions offered by significant contributors in the field of strategic management. The primary focus of the first stream is delineating competitive advantage in terms of performance metrics. This viewpoint emphasizes factors such as significant relative profitability, higher than average returns, a benefit-cost gap, equivalent financial performance, economic profits, positive differential profits exceeding opportunity costs, and a differential spread between product market demand and marginal cost across sectors. The second stream, on the other hand, is concerned with the sources or determinants of competitive advantage. This viewpoint considers the specific characteristics of individual product markets, the pursuit of cost leadership or differentiation strategies, strategic locations, technological advancements, distinctive product characteristics, and a unique combination of firm-specific resources and capabilities as key drivers of competitive advantage.

A clear definition of competitive advantage has been offered by Sigalas et al. (2013), which distinguishes it from its sources and the idea of superior performance. According to the authors, having a competitive advantage is being able to outperform standard industry performance by taking advantage of favorable market conditions and protecting against threats to one's position in the marketplace. As stated by various authors. Competitive advantage research emphasizes the importance of cost efficiency and unique product features in establishing and maintaining a market position. Literature has illuminated competitive advantage's sources, persistence, and impact on business performance.

This study operationalized competitive advantage as a latent construct with five components that synergistically elevate a company beyond its industry peers. Market share, differentiation, cost leadership, innovation, quality, and added service value are dimensions. A company's market share indicates its dominance, consumer preference, and marketing effectiveness. Differentiation is a firm's unique qualities that set it apart from competitors, attracting customers and allowing it to charge more. Cost leadership allows a company to undercut competitors on price or increase margins by offering comparable benefits at lower pricing. Innovation is a company's ability to create new products, services, and processes that suit current customer needs and anticipate future needs, creating new market sectors. Finally, quality and additional service/value increase a company's products or services' value as more people use them, which

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increases customer loyalty, reduces turnover, and raises entry barriers. For a comprehensive view, look at Table 3.

Table 3

Literature Discussion on Competitive Advantage

Author(s)	Year	Perspective	Key Concepts
Porter	1985	Value-Chain Efficiency	Competitive advantage through cost leadership or differentiation; efficient or cost-effective value-chain activities.
Barney	1991	Resource-Based View (RBV)	VRIN (Valuable, Rare, Inimitable, Non-substitutable) resources leading to superior performance.
Peteraf	1993	Dynamic Capabilities	Emphasis on adapting valuable resources to changes in the competitive environment.
Wernerfelt	1984	Resource Utilization	Effective use of distinctive resources to maximize economic rents and achieve higher profits.
Grant	1991	Resource Management	Importance of managing internal and external relationships for securing competitive advantage.
Coyne, Ghemawat, Williams, Baaij & Dalen	Various	Strategic Management	Examination of strategies to differentiate from competitors and secure superior market positions.
Newbert	2008	Competitive Advantage Predictive	Emphasis on harnessing opportunities, staving off threats, and minimizing costs for competitive advantage.
Grant	1996	Knowledge-Based View	Distinct, mainly implicit, organizational knowledge as a source of competitive advantage.
Teece & Pisano	1997	Dynamic Capabilities	Ability to adapt, amalgamate, and reconfigure internal and external skills in response to rapid changes.
Dyer & Singh	1998	Relational View	Value of partnerships, alliances, and networks in gaining a market advantage.
Kim & Mauborgne	2004	Blue Ocean Strategy	Competitive advantage through the creation of an unchallenged market domain.
Amit & Zott	2012	Business Model Innovation	Innovation in business models, including digital technologies, as a source of competitive advantage.

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Parker et al.	2016	Platform-Based Competition	Competitive advantage through thriving platforms that connect users and facilitate exchanges.
Sigalas et al.	2013	Competitive Advantage Boundaries	Distinction between competitive advantage as performance metrics and its sources; focus on cost efficiency and unique product features.
Various Authors	Various	Operationalization of Competitive Advantage	Market share, differentiation, cost leadership, innovation, quality, and added service value as dimensions.

Source. Own Compilation.

2.5 Business Performance

Numerous academics and researchers have studied the concept of business performance over the years. Strategic management and entrepreneurship both heavily rely on the comprehension and evaluation of business performance. Smith and Reece (1999) stressed the concept of business performance as the capacity to fulfill the objectives of the primary stakeholders of a company. To clarify, the evaluation of performance was predicated upon the capacity of the organization to satisfy the expectations and preferences of its principal stakeholders, particularly those who hold shares in the company.

Kaplan and Norton (1992) proposed a novel method for evaluating organizational performance through their seminal work, the Balanced Scorecard. This approach involves assessing business performance from various viewpoints, including financial, customer, internal processes, and learning & growth. The authors contend that a more equitable assortment of metrics provides a more comprehensive and precise depiction of a firm's efficacy. Chenhall and Langfield-Smith (2007) advocated that corporate performance be understood in terms of a variety of financial and non-financial metrics, including measures of future and previous performance. In a broader sense, Richard et al. (2009) sees firm performance as an organization's ability to use its resources efficiently to fulfill its goals and objectives. They also mention that business performance can be measured using a range of metrics such as profit, return on assets, return on investment, market share, and growth.

Investigating these definitions, one can see that the measurement of business performance can either be subjective or objective. Objective measures are quantifiable, concrete numbers that are typically found in financial statements or market data (Chenhall & Langfield-Smith, 2007). These measures include, but are not limited to, sales growth, return on assets (ROA), return on equity (ROE), and net profit margin. Subjective measures, on the other hand, are evaluations that cannot be quantified and are often associated with how a company is seen to be performing. These could include measures related to customer satisfaction, brand reputation, or employee satisfaction. These measures, while not quantifiable, can provide insights into areas of performance not recorded by the relevant financial data (Kaplan & Norton, 1992).

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A comprehensive understanding of business performance should incorporate both subjective and objective measures (Ittner & Larcker, 2003). For example, a company may achieve all its financial goals (objective metrics) but still perform poorly in terms of employee happiness or customer service (subjective measures). This implies that objective and subjective measures are both important in assessing the overall performance of the firm. Organizational performance is an important part of corporate operations, involving three distinct yet interconnected domains of organizational outcomes: financial performance, product market performance, and shareholder return (Richard et al., 2009) .

To begin with, financial success or financial performance, as measured by net profit, return on assets, and return on investment, is a direct reflection of a company's economic efficiency and fiscal management. Second, product market performance, as measured by metrics such as sales volumes and market share, gives information on the organization's competitive positioning, marketing effectiveness, and customer acceptance. Finally, shareholder return, as measured by metrics such as total shareholder return and economic value added, assesses the economic benefits accrued to investors, demonstrating the firm's desirability and value proposition in financial markets. These three domains, taken together, provide a full view of a company's health and viability, with each providing distinct insights into various aspects of organizational functionality.

The literature reveals that the concept of business performance is multifaceted and needs to be assessed using a variety of measures. While the financial performance of a company provides tangible evidence of its current state, non-financial, subjective measures may offer insights into its future potential. A subjective approach was adopted in this study to operationalize business performance, as in the objective measurement cases, it's difficult to access data about the real performance of companies because companies, for many reasons, are often less willing to reveal their data about performance. This dimension will be taken collectively considering the following elements: Marketing, profitability, growth in sales, and market share as indicators utilized to measure business performance within the whole latent variable Marketing; this dimension typically measures the goodness of the company's products or services are received in the market this could be indicated with key elements include customer acquisition cost, customer retention rate, brand awareness, and brand equity, customer satisfaction scores, and Net Promoter Score (NPS), among others. Growth in Sales is the other dimension that directly measures the increase in the sales volume or sales revenue over a specific period. The profitability dimension, an indicator metric for this dimension, could be net profit, gross profit margin, operating profit margin, return on investment (ROI), return on assets (ROA), and return on equity (ROE), are commonly used to evaluate the financial performance of a company. They measure the company's ability to generate earnings relative to its expenses and other relevant costs. The last dimension is market share; this is a key indicator of market competitiveness, that is, how much of a specific market a company owns compared to its competitors. Table 4 have details about most examined literature.

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Table 4

Literature Discussion on Business Performance

Author(s)	Year	Perspective	Key Concepts
Smith & Reece	1999	Stakeholder Fulfillment	Business performance as the capacity to fulfill primary stakeholders' objectives.
Kaplan & Norton	1992	Balanced Scorecard	Assessing business performance from financial, customer, internal processes, and learning & growth perspectives.
Chenhall & Langfield-Smith	2007	Multiple Metrics	Corporate performance understood through various financial and non-financial metrics including future and past measures.
Richard et al.	2009	Resource Efficiency	Business performance as the efficient use of resources to fulfill goals and objectives, measured by profit, ROA, ROI, market share, and growth.
Ittner & Larcker	2003	Comprehensive Measurement	Incorporating both subjective and objective measures for a full understanding of business performance.
Kaplan & Norton	1992	Objective Measures	Quantifiable metrics from financial statements like sales growth, ROA, ROE, and net profit margin.
Kaplan & Norton	1992	Subjective Measures	Evaluations of customer satisfaction, brand reputation, employee satisfaction for insights beyond financial data.
Richard et al.	2009	Domains of Outcomes	Three domains: financial performance, product market performance, and shareholder return.
Study in Discussion	Various	Operationalizing Performance	Marketing, profitability, growth in sales, and market share as indicators; subjective approach due to data access issues.

Source. Own Compilation.

2.6 Research Framework and Hypotheses Development

This section aims to develop a theoretical framework that explores the relationship between digital marketing orientation (DMO), service quality (SQ), competitive advantage (CA), and business performance (BP). This section defines the key concepts and explains how they relate. And then presents the hypotheses related to the research variables.

Applying accurate and appropriate theories is critical in developing a theoretical model that can explain and predict relationships among variables (Wright & McMahan, 1992). This study examines the relationship between digital marketing orientation, service quality, competitive advantage, and business performance in Iraq's small and medium-sized enterprises (SMEs), utilizing two theories: the resource-based view theory (RBT) or RBV as is widely known among scholars, and the market orientation theory.

2.6.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) and its corresponding theory, the Resource-Based Theory (RBT), are crucial frameworks that offer insight into the foundation of a company's competitive advantage and success. These frameworks explain and forecast the sources of a firm's competitiveness and Performance (Barney et al., 2011). and assessing the internal capacity of an organization to create a competitive advantage (Halmaghi et al., 2017; Hagen et al., 2022). The RBV and RBT have contributed significantly to strategic management and have become some of the most widely cited and applied theoretical frameworks. They provide a valuable lens through which to examine a firm's internal capabilities and the sources of its competitive advantage. This is critical for developing effective strategies to drive sustained performance over time.

Moreover, the resource-based view (RBV) has emerged as a seminal framework in management theory for analyzing a firm's internal resources to identify competitive advantages. This perspective suggests that by thoroughly examining an organization’s assets, capabilities, and competencies, companies can gain insights into how they might leverage these resources to outperform their competitors. The prominence of the RBV within management circles underscores the importance placed on identifying and utilizing internal resources in the pursuit of strategic success.

Furthermore, the RBV and RBT highlight the importance of intangible assets, such as knowledge, reputation, and relationships, which can be difficult to imitate and may provide firms with a unique source of competitive advantage. These intangible resources are often more valuable than physical assets. They can help firms develop capabilities that are difficult to replicate by competitors, leading to a sustained competitive advantage over time.

Despite its numerous contributions, the RBV and RBT have also been criticized. Some scholars have pointed out that these frameworks may not fully account for the external environment, such as market dynamics, regulatory changes, and industry trends, which can significantly impact a firm's performance and competitiveness. The RBV and RBT remain valuable theoretical frameworks shaping strategic management research and practice.

Barney et al. (2001) revisit Barney's 1991 RBV concept. He cited that (Srivastava et al., 2001) argued that despite the prominence of the Resource-Based View (RBV) in business and management research, it is noteworthy that marketing scholars have demonstrated a limited inclination towards utilizing this perspective as a means of furthering marketing theory or examining central difficulties in marketing practice. Furthermore, it is posited that the emphasis on resources in the RBV has overshadowed the critical role that managerial direction plays in transforming these resources into offerings of value to customers. The authors address

developing a sustainable competitive advantage by highlighting the contribution that marketing can make in understanding the nature of resources. Specifically, marketing can assist in comprehending the requirement for resources that are rare and unique in terms of customer needs, as well as evaluating the inimitability of these resources in relation to rival firms' imitation abilities and the company's capacity to increase inimitability through cross-selling and bundling strategies (Barney et al., 2001)

It's worth mentioning that Srivastava et al. (2001) underscores the significance of conducting a more detailed examination of the relationship between resources and competitive advantage by exploring the role that marketing can play in the RBV. They propose that RBV research should focus on precisely defining how customer value, in the form of specific attributes, benefits, attitudes, and network effects, is planned, created, and sustained. Additionally, marketing research should address how alterations in market-based assets and competencies impact the generation and depreciation of customer value (Srivastava et al., 2001). The authors call for further research to identify and delineate the ways in which specific market-based assets and competencies contribute to the creation and maintenance of specific forms of customer value. There is a need for a thorough examination of the interaction between market-based assets and market-focused processes and their connection to customer value dimensions. They also suggest a requirement for the RBV and marketing to establish a direct correlation between changes in the marketplace, specifically changes in customer needs and the need for alterations in key resources.

The Resource-Based Theory (RBT) states that a company's internal resources and abilities are critical drivers of its success (Prahalad & Hamel, 1990; Collis & Montgomery, 1995). According to this theory, resources and abilities such as marketing proficiency can give a firm a competitive advantage and contribute to improved business performance (Homburg & Wielgos, 2022; Kaleka & Morgan, 2017). In the context of digital marketing, a firm's ability to effectively use digital marketing channels and technologies to reach customers can be considered a vital resource and capability (Chaffey and Smith, 2016; Kotler and Keller, 2016). The RBT is widely acknowledged as a valuable framework for understanding the factors that shape a company's success, emphasizing the significance of internal resources and capabilities for obtaining a competitive advantage and fostering business performance (Chaffey & Smith, 2017; Vorhies & Morgan, 2005; Kotler & Keller, 2006) .

Over the past decades, the utilization of resource-based reasoning in marketing has seen a significant increase (Kozlenkova et al., 2013), and according to the Resource-Based View (RBV) theory, a company's resources and capabilities can provide a source of competitive advantage and digital marketing orientation can be considered a valuable resource and capability. The main reason for incorporating the Resource-Based Theory (RBT) into various marketing fields is due to its comprehensive framework for combining different and disparate resources to understand the synergistic impact on performance and the conditions attached to each one (Kozlenkova et al., 2013). One of the key findings of the RBT is that a firm's marketing capabilities can play a crucial role in its success. This includes its ability to design, implement, and execute effective marketing strategies that engage customers and drive business growth(Han et al., 1998). In the digital age, these marketing capabilities are increasingly being tested by the

rapidly evolving landscape of digital marketing channels and technologies. A firm that can effectively use digital marketing channels and technologies to reach and engage customers will be better positioned to compete in today's rapidly evolving business environment.

Digital marketing orientation involves using digital technologies and platforms to promote products, build brand awareness, and engage with customers (Grewal et al., 2020). By having a strong digital marketing orientation, companies can gain a competitive advantage by reaching a wider audience, providing more personalized experiences, and achieving a faster response time compared to traditional marketing methods. Digital marketing orientation (DMO) has a significant positive impact on enhancing marketing performance (MP) and digital marketing adoption (DMA) (Mahmutovic, 2021) according to his study in the hotel sector. However, the findings suggest that investing in digital marketing tools should be based on careful planning and the use of a quality digital intelligence system to optimize marketing activities. Adequate staff with digital marketing knowledge and technical support are necessary for successful digital marketing implementation, and a digital marketing plan should be integrated into the marketing plan. Continuous investment in staff education in digital marketing is recommended.

Moreover, digital marketing orientation can directly impact business performance by increasing customer engagement, improving customer satisfaction, and driving sales and revenue (Koyluoglu et al., 2021). By utilizing digital marketing effectively, companies can enhance their brand image, increase their market share, and increase customer loyalty. Research has also shown that digital marketing orientation, which refers to a firm's focus on using digital marketing channels and technologies to reach and engage customers, is positively associated with improved business performance (Nuseira & Aljumah, 2020) . Firms with a strong digital marketing orientation are more likely to be able to effectively use digital marketing channels and technologies to reach and engage customers, which can drive improved business performance.

In summary, the Resource-Based Theory highlights the importance of a firm's internal resources and capabilities in determining its success. An asset is anything that can be considered a strength or a resource for an organization. Assets can be tangible or intangible and are semi-permanently tied to the organization. Examples include physical assets such as equipment and buildings, as well as intangible assets like brand name, in-house knowledge, skilled labour, patents, and technology. According to Grant, assets are inputs into the firm’s value-creating process. Similarly, Thompson and Strickland (1999) define resources as inputs into a firm’s production process, encompassing capital equipment, employee skills, patents, finance, and talented managers.

The Resource-Based View (RBV) emphasizes a firm's internal resources and capabilities as key to achieving sustainable competitive advantage. Capabilities are the firm's ability to effectively utilize resources to achieve desired outcomes, including activities such as process design, product development, operations, marketing, and customer service. According to Barney (1991), resources must be valuable, rare, inimitable, and non-substitutable (VRIN) to sustain competitive advantage. He highlights that capabilities transform these resources into outputs through efficient organizational processes and routines. Grant (1991) supports this, noting that capabilities stem from combining resources with the firm's experiential knowledge, making

them difficult to imitate and thus a source of sustained advantage. Amit & Schoemaker, 1993) describe capabilities as the capacity to deploy resources through organizational processes to achieve desired ends, emphasizing their integrative and dynamic nature. Thus, RBV posits that developing and integrating capabilities is crucial for leveraging resources to create value and achieve long-term success.

2.6.2 Market Orientation Theory: A Customer-Centric Perspective

Market orientation has become an increasingly important aspect of business strategy (Jaworski & Kohli, 1993) At the heart of this approach is identifying and satisfying customer needs by developing products and services that meet those needs. The market orientation theory emphasizes a customer-centric strategy Narver & Slater (1990), focusing on understanding consumer behavior and preferences to create products that align with those needs.

Market orientation is a strategic approach to product development that prioritizes understanding the needs and desires of customers (Jaworski & Kohli, 1993) This approach emphasizes gathering consumer behavior and preferences data through market research and other analytical techniques (Narver & Slater, 1990)The goal is to create products specifically tailored to customers' needs and wants rather than creating products based solely on what the company thinks will sell. Market orientation theory also focuses on understanding market trends and anticipating future needs and desires.

Market orientation theory is closely tied to customer-centricity (Narver & Slater, 1990). A customer-centric approach emphasizes the importance of putting the needs and wants of the customer first (Kumar & Reinartz, 2012). This approach involves gathering customer preferences and behavior data and using that information to inform product development and marketing strategies (Arenas-Gaitán et al., 2019) Overall, customer-centricity is a critical component of market orientation theory, highlighting the importance of understanding and satisfying customer needs to achieve business success in today's highly competitive marketplace

Companies can implement a market-oriented strategy by gathering consumer behavior and preferences data through various techniques (Narver & Slater, 1990). Traditional market research methods like surveys and focus groups can provide valuable insights into customer needs and wants. However, companies can also leverage digital marketing tools and service quality to understand better customer behavior and preferences (Kumar et al., 2016; Lemon & Verhoef, 2016)

Adopting a market-oriented approach has been linked to improved business performance (Koyluoglu et al., 2021) By focusing on customer needs and preferences, companies can develop products that are more likely to succeed in the market. In addition, a market-oriented approach can increase customer satisfaction and loyalty, resulting in higher levels of repeat business and improved brand reputation. Companies that can effectively implement a market-oriented strategy are more likely to gain a competitive advantage over their peers (Jaworski & Kohli, 1993)

On the other hand, Customer-centric service quality has been shown to impact business performance positively. According to a Harvard Business Review study, companies prioritizing a

customer-centric approach to service quality tend to experience higher customer satisfaction, lower customer churn, and increased revenue growth. In addition, the study found that companies that invest in customer experience see returns in the form of increased customer loyalty, improved brand reputation, and higher levels of customer advocacy (Lemon & Verhoef, 2016).

Another benefit of a customer-centric approach to service quality is that it can help companies understand better and meet the needs of their customers. By gathering customer feedback and insights, organizations can better understand customer preferences, pain points, and expectations and use this information to improve their services and processes. This, in turn, can lead to increased customer loyalty and advocacy and improved business outcomes(PWC, 2018). In short, prioritizing a customer-centric approach to service quality is essential for businesses that want to succeed in today's competitive market and build long-term customer relationships.

Service quality is typically approached from a customer-centric perspective. This means that the primary focus is on meeting or exceeding the needs and expectations of the customer in terms of the quality of the service provided. Organizations often use customer feedback and other metrics to determine how well their services are meeting customer needs. They may also consider factors such as the speed, accuracy, reliability, and responsiveness of their services, as well as the professionalism and helpfulness of their staff. All these factors are important to customers and are therefore considered when evaluating service quality from a customer-centric perspective.

In conclusion, market orientation theory emphasizes the importance of understanding customer needs and preferences in product development and marketing strategies. A customer-centric approach is at the core of this theory, as companies seek to put the needs and wants of the customer first. Companies can gain a comprehensive understanding of customer behavior and preferences using various research and analytical techniques and use that information to inform product development and marketing strategies. By implementing a market-oriented approach, companies can improve their business performance by creating products more likely to succeed in the market, increasing customer satisfaction and loyalty. Companies implementing a market-oriented strategy are more likely to gain a competitive advantage. As such, market orientation theory has become an increasingly important aspect of business strategy as companies strive to understand their customers better and create products that meet their needs and desires. Based on the prior discussion, the theoretical model is presented in Figure 2

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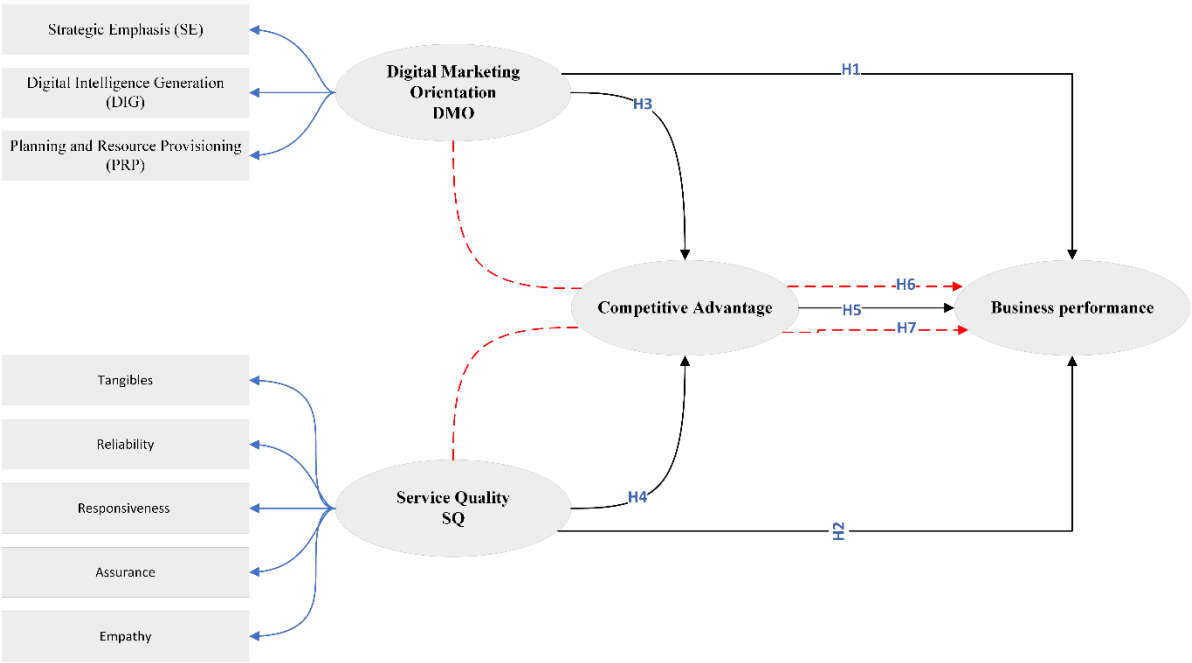
Figure 2:The Theoretical Model



source: Own editing.

2.7 Digital Marketing Orientation and Business Performance

In the field of business management and marketing, understanding the relationship between a company's focus on customer needs and its overall success has been an important topic of study for many years (Madhani, 2020; Hughes et al., 2021; Lemon & Verhoef, 2016). However, it wasn't until the 1990s that enough progress had been made in developing the necessary concepts and methods to systematically and rigorously examine this relationship (Harris & Ogbonna, 2001). Several studies have proposed a direct correlation between company performance and market orientation (Connor, 2007; Harris, 1998; Hult et al., 2005; Shoham et al., 2005; Selnes et al., 1996; Pitt et al., 1996; Na et al., 2019) since the inception of empirical models of market orientation in the 1990s, see (Jaworski & Kohli, 1993; Greenley, 1995).

Market orientation has emerged as an essential driver of market performance, emphasizing the importance of proactively understanding and satisfying customers' evolving needs while concurrently outmaneuvering competitors. This strategic approach enables the establishment of a durable competitive advantage, ultimately leading to a significant enhancement in market performance (Andreou et al., 2020). Market orientation is acknowledged as a crucial factor in enhancing market performance (Andotra & Gupta, 2016).

In recent years, digital marketing orientation and business performance have been the subject of extensive research. Scholars have sought to investigate how firms' orientation towards digital marketing practices can contribute to their overall Performance (Madhani, 2020; Algumzi, 2022). A growing body of literature has provided evidence that adopting a digital marketing orientation can enhance firms' competitive advantage and improve their business performance.

Various conceptualizations of market performance and its connection to digital marketing orientation can be found in the literature. For instance, firms that use digital marketing strategies can increase customer engagement (Garg et al., 2020), and intention to purchase (Nawaz & Kaldeen, 2020) brand awareness (Makrides et al., 2020), leading to higher sales, revenue, and profitability (Djakasaputraa et al., 2021). Different perspectives and theories have been proposed to understand the relationship between these two important marketing constructs.

Empirical studies have supported the relationship between digital marketing orientation and business performance. For instance, research by Nawi et al. (2020) found a positive and significant relationship between digital marketing orientation and organizational Performance among Malaysian firms. Similarly, Hien & Nhu (2022) saw that digital marketing practices, such as social media marketing and online advertising, positively influence firms' performance in the Vietnamese context. These studies suggest that digital marketing orientation can serve as a critical factor in driving firms' success in the digital age.

In the contemporary era characterized by digital advancements, enterprises of varying scales are turning to digital marketing to reach their intended audience and drive growth. Luo et al. (2017) reveal that small brands and companies have a good advantage by accessing expert blogs, contrary to traditional media such as TVs, where they are in a disadvantaged position, and this conclusion comes in line with other studies such as (Van Diepen et al., 2009; Dubé et al., 2005).

Despite broad research, there is a lack of consensus regarding the connection between market orientation and market performance (Amangala & Wali, 2020). The contextual nature of market orientation undermines the clear and direct link between market orientation and performance, thereby obscuring the positive relationship (Foley & Fahy, 2009). It is important to consider that this relationship is contextual and not universally applicable. The effectiveness of market orientation in driving performance can vary depending on factors such as industry dynamics, competitive landscape, and organizational capabilities. Market orientation may sometimes not directly translate into improved performance due to ineffective implementation, insufficient resources, or a mismatch between customer preferences and organizational capabilities. Therefore, the positive association between market orientation and business performance is not always obvious and requires careful assessment in specific contexts. To uphold relevance, it is imperative to acquire empirical evidence derived from a precisely delineated sector, industry, culture, and setting (Amangala & Wali, 2020).

While market orientation is an indispensable element across all businesses, it does not necessarily dictate superior market performance (Frösén et al., 2016). The proposition posits that the attainment of superior market performance necessitates the presence of additional marketing resources and capabilities, thereby urging an exploration of the multifaceted dimensions that contribute to excellence in the realm of market dynamics. It underscores the significance of comprehending the profound intricacies ultimately shaping the destiny of organizations aspiring for unparalleled success in the marketplace.

Recent advancements in web-based technologies have had a significant effect on consumer behavior and decision-making, as evidenced by the study conducted by Cetină et al. (2012).

This shift towards online shopping and interactions has led to a transformation in the traditional methods of advertising and selling, with monotonous broadcasting and incessant promotion giving way to more targeted and personalized digital selling strategies (Balaji, 2020).In fact, research suggests that there is a correlation between a business's digital marketing orientation and its overall performance.

Achieving success in industry can be boosted through digitalization as adopting digital technologies can give rise to gaining competitive advantage either ways directly or indirectly (Lee & Falahat, 2019). To creating and maximizing value, companies thus incorporate a variety of emerging technologies, including e-commerce, big data analysis, and IO, in addition to machine learning (Autio et al., 2018). It is uncertain if e-business impacts corporations' financial results; the majority of research examined the effect of e-business on the normal business process, emphasizing how e-business is beneficial to the improvement of the overall processes (Caldwell et al., 2014).in principle, it is possible for any digital service to act as a medium or platform on which other companies might have the ability to generate value (Koch & Windsperger, 2017).

In today's highly competitive business landscape, digital marketing has emerged as an indispensable tool for firms seeking to gain a competitive advantage. The proliferation of technology and the internet has completely transformed how companies communicate with their audiences, making digital marketing an integral part of modern business strategies. Firms can use tactics like search engine optimization, social media, and email marketing to boost their visibility, enhance brand recognition, and improve customer engagement. As such, comprehending the nexus between digital marketing and competitive advantage is paramount for businesses that aim to stay relevant and competitive in a rapidly evolving digital milieu. Luo et al. (2017) reveal that small brands and companies have a good advantage by accessing expert blogs, contrary to traditional media, such as TVs, where they are in a disadvantaged position, and this conclusion comes in line with other studies such as (Dubé et al., 2005; Van Diepen et al., 2009).

Achieving success in the industry can be boosted through digitalization, as adopting digital technologies can give rise to gaining a competitive advantage directly or indirectly (Lee & Falahat, 2019). To create and maximize value, companies thus incorporate various emerging technologies, including e-commerce, big data analysis, the Internet of Things IO, and machine learning (Autio et al., 2018). It is uncertain if e-business impacts corporations' financial results; most research examining the effect of e-business on the normal business process emphasizes that e-business is beneficial to improving the business's overall performance and linking them to the competitive advantage (Caldwell et al., 2014). in principle, any digital service can act as a medium or platform on which other companies might be able to generate value (Koch & Windsperger, 2017).

Kishor (2022) examined the impact of digital marketing strategies on the Performance of Small and Medium-sized Enterprises (SMEs) by examining the dimensions of cost-effectiveness, acceptability, and availability. The study emphasizes the significance of digital marketing in empowering SMEs to optimize their resources and compete effectively in the market. By leveraging cost-effective channels such as social media marketing, email campaigns, SEO, and content marketing, SMEs can allocate their advertising budgets efficiently and achieve higher

returns on investment. Additionally, digital marketing enables SMEs to gain consumers' acceptance by delivering personalized and relevant content through social media campaigns, interactive websites, and online customer reviews, fostering brand loyalty and trust. Furthermore, digital marketing enhances the availability of SME offerings by leveraging e-commerce platforms and online marketplaces, expanding their reach, and accessing new markets without incurring substantial costs. The findings highlight the transformative potential of digital marketing for SMEs, providing them with a platform to enhance their overall performance, engage with consumers effectively, and gain a competitive edge in the ever-evolving business landscape. This finding is also confirmed by another study conducted by Nuseira & Aljumah (2020)

More strategy analysts are interested in recognizing a firm's origins of competitive advantage, which has become a significant area of focus e.g.(Barney, 1991; Porter, 2001). It is pointed out that conventional views of competitive advantage have been questioned due to a lack of value creation theory (Pitelis, 2010). Understanding a firm's competitive advantage is essential for long-term success in a dynamic business environment. However, conventional views of competitive advantage may be limited in their ability to fully capture value creation's complex and multidimensional nature. As such, scholars have emphasized the need to develop more comprehensive theories of value creation that consider both internal resources and external relationships with stakeholders.

In the domain of empirical models of market orientation, several studies conducted in the early 1990s and beyond have proposed a clear linkage between a company's market orientation and its performance. It indicates that a company's market orientation can directly impact its success.

Technology plays a vital role in forming any development in the business world. Since the introduction of the internet and Web 2.0, there have been non-stop efforts to utilize these advancements, and it's not a secret. Although digitalization is a critical requirement for small and medium businesses in foreign markets to succeed successfully, it is seldom mentioned in discussions of competitive advantages (Lee & Falahat, 2019). A study was made by (Lee & Falahat, 2019) assumed that digitalization has a positive impact on (price, product, and service as a competitive advantage element) in SMEs, and the paper concluded that in the digital economy, a competitive advantage could be obtained by adopting and implementing new technologies (Lee & Falahat, 2019).

A study made by (Modisane & Jokonya, 2021) about how SMEs can be competitive and achieve competitive advantage through digital marketing by identifying customers' preferences proposed a cloud-based framework that explains how companies can get the help of the use of cloud computing in digital marketing applications as it offers an easy solution to collect analyze and retrieve data and this in return could lead to accurate marketing strategy by initiating an optimized customers profile. There are advantages to both clients and enterprises by implementing this solution; as the author claims, companies who aim to maintain a high benefit through their marketing strategies and build competitive advantage can utilize this approach. Understandably, cloud technology can provide unlimited potential for companies as cloud agents can provide relatively advanced business solutions at reasonable prices. The author also added that marketers need a better understanding of the new cloud potential to enjoy its benefits in marketing.

Marketing expenditures are crucial financial resources companies invest in various communication activities to promote their brand and products. These activities encompass various tactics, including advertising, digital and mobile marketing, press conferences, experiential marketing events, and sales promotions (Koyluoglu et al., 2021). However, assessing the financial returns of such strategies, particularly branding, remains a challenge for marketing executives. Despite their significance in building a strong brand image and attracting consumers, measuring the effectiveness of branding efforts in terms of financial gains poses difficulties for marketing professionals. As a result, determining the actual value of marketing success remains a complex task for businesses seeking to maximize the returns on their marketing investments.

Marketing investments, particularly those allocated to building brand equity through advertising, can significantly impact various financial metrics (Sydney-Hilton & Vila-Lopez, 2019) despite the payoffs' uncertainty and potential long-term nature. Although the benefits of advertising expenditures may not be immediately visible or quantifiable, previous research indicates that companies that make long-term investments in brand equity can reap significant financial rewards. As a result, businesses that prioritize brand-building through advertising expenses may enhance their competitiveness and improve their financial performance over time.

For an organization's marketing efforts to be effective, they must be fully integrated into the decision-making framework of the company, which requires the seamless integration of marketing activities with other business functions (Kumar & Shah, 2009) and that emphasizes the importance of integrating marketing activities with other business functions, as it ensures a consistent and coherent approach to decision-making across the organization. This integration allows for a more comprehensive understanding of the market and customer needs, resulting in better-informed decisions and improved overall business performance.

According to the findings of Narver et al. (1998), it has been suggested that a strong association exists between market orientation and market performance, encompassing a wide range of market types. Amin et al. (2016) assert that small and medium-sized enterprises (SMEs) stand to gain performance benefits by comprehending the concept of market orientation. However, despite the growing body of research on digital marketing orientation and business performance, some studies have highlighted the need for further investigation. For example, Kim et al. (2021) argued that more research is needed to understand the mechanisms through which digital marketing orientation can improve business performance, such as the role of customer engagement and innovation. Additionally, some scholars have emphasized the importance of context-specific factors, such as the size and industry of firms, in shaping the relationship between digital marketing orientation and business performance. Therefore, these elements should be considered in future research to provide a more nuanced understanding of the connection between digital marketing orientation and business performance. Based on the previous discussion, we hypothesize that:

Hypothesis 1: Digital marketing Orientation has a direct positive impact on business performance.

The formulation of this hypothesis is grounded in a comprehensive examination of theoretical frameworks, and our previous discussions have involved a thorough analysis of significant empirical research findings. The assumed correlation between digital marketing orientation and business performance presents a noteworthy viewpoint for our study, prompting us to investigate further the intricate interplay between contemporary marketing strategies and their potential impact on organizational achievements.

2.8 Service Quality and Business Performance

The impact of quality on organizational performance in research is still debatable due to the inconsistency between studies' evidence about the relationship between quality and organizational performance. Capon et al. made a meta-analysis paper (1990); in their paper, they found twenty papers indicating a positive relationship between service quality and business performance. In their study, Caruana & Pitt (1997), which was carried out to understand how service quality can improve business, stated that Service quality plays a significant role in influencing a business's performance. Recognizing this, it becomes crucial for organizations to prioritize service quality as an important goal. Consequently, managers should actively strive to enhance the service quality of their businesses as part of their overall efforts to boost profitability.

In a comprehensive study conducted by Cheng (2014), several research conclusions were derived. Firstly, it was found that Service Quality partially positively influences Financial Performance within the Organizational Performance context. Secondly, the study revealed that Service Quality also partially positively affects Operating performance within the same organizational setting. Furthermore, the research highlighted that Service Quality yields partially positive impacts on Behavioral Performance as part of Organizational Performance. Lastly, intriguingly, the study uncovered notable variations in the correlation between Service Quality and Organizational Performance across different demographic variables. These findings shed light on the complex dynamics between Service Quality and various dimensions of Organizational Performance, emphasizing the need for further investigation in this domain.

The impact of quality on business performance, as mentioned by Chang & Chen (1998), is an essential factor. Various studies have provided valuable empirical evidence supporting a strong and positive relationship between quality and business profitability (Zeithaml, 2000; Lee & Seong, 2020; Lakhal, 2009). Extensive research has revealed that quality is the primary factor that exerts the greatest influence on strategic business unit (SBU) performance (Ijara, 2020; Ali et al., 2021; Arhas et al., 2022) . It has been consistently observed that the quality maintained by an SBU significantly impacts its overall performance and success. Quality enhances customer satisfaction and drives profitability and long-term sustainability for the SBU (Chang et al., 2010).

Service quality is crucial in determining customer satisfaction, making it one of the main factor’s businesses must prioritize to ensure success (Alnawas & Hemsley-Brown, 2019). Customers who experience high-quality service are more likely to be satisfied with their overall interaction and develop positive perceptions of the company or organization. When businesses focus on enhancing service quality, customers are more likely to perceive value in their interactions (Nunkoo et al., 2020). Satisfied customers are likelier to remain loyal, engage in repeat

purchases, and even advocate for the business through positive word-of-mouth referrals (Limna & Kraiwanit, 2022). Additionally, satisfied customers may provide valuable feedback and insights, enabling companies to improve their offerings and tailor their services to meet evolving customer expectations, and with effectively enhanced service quality, organizations can boost performance. Businesses prioritizing service quality and delivering exceptional experiences across various dimensions can foster customer satisfaction, increasing loyalty, retention, and positive advocacy. Organizations can establish a strong competitive advantage and build long-lasting customer relationships by investing in service quality improvement strategies.

Service quality leads to Customer satisfaction (Alnawas & Hemsley-Brown, 2019; Limna & Kraiwanit, 2022; Nunkoo et al., 2020; Fernandes & Solimun, 2018), in turn, significantly influences customer loyalty, retention, and advocacy (Supriyanto et al., 2021). Quality standards are essential for overall performance in today's competitive economy (Kerdpitak et al., 2022). Poor performance often stems from a failure to meet and fulfil customer expectations. On the contrary, exceptional service quality is a differentiating factor, providing a competitive advantage and driving Performance (McQuilken et al., 2000). Substantial empirical evidence indicates a connection between service quality and profitability (Voss et al., 2005; Parast & Fini, 2010; Briggs et al., 2020).

While there is a scarcity of studies directly exploring the relationship between service quality and business performance in the context of small and medium-sized enterprises (SMEs), there is a body of research that investigates the impact of service quality on related factors such as customer satisfaction (Gandhi et al., 2019), loyalty (Rajic et al., 2016) customers retention (Ennew & Binks, 1996) , and market share. These studies indirectly shed light on the potential influence of service quality on overall business performance in the SME sector. Although a comprehensive understanding of the direct link between service quality and business performance in SMEs is still limited, insights can be gleaned from research on customer satisfaction, loyalty, and profitability, among other variables. Addressing this research gap by examining the relationship between service quality and business performance in SMEs would be valuable for further understanding the specific dynamics and implications for small and medium-sized enterprises.

Profit maximization and corporate expansion are strongly reliant on customer loyalty and retention, as retaining existing customers is less expensive than recruiting new ones (Kotler & Armstrong, 2007). Customer satisfaction is achieved by offering a service that corresponds to or exceeds the expectations of the customer. To increase the quality of service provided, businesses must first identify and address their customers' needs, wants, and perceptions. This is critical for both consumer satisfaction and business revenue. Managers should evaluate their company's performance in terms of service quality on a regular basis and find areas for improvement. They can improve efficiency, profitability, and overall performance by doing so.

Indeed, further investigation into the impact of service quality on business performance in the context of SMEs is necessary and important. SMEs play a crucial role in the economy, and understanding how service quality influences their performance can provide valuable insights for business owners, policymakers, and researchers. By examining the direct link between

service quality and business performance in SMEs, we can uncover the specific mechanisms and factors that contribute to their success or failure. This knowledge can help SMEs enhance customer experiences, improve operational efficiency, and drive better business outcomes. Therefore, conducting more research in this domain is essential for fostering the growth and competitiveness of SMEs in today's dynamic marketplace. Based on the previous discussion, we hypothesized that:

Hypothesis 2: There is a positive direct link between service quality and business performance.

This hypothesis is based on a synthesis of many theoretical notions, empirical facts, and overarching themes that have been thoroughly discussed in previous discussions. It serves as an important foundation for our inquiry, guiding us toward a more in-depth examination of the complex interactions between service quality and its subsequent impact on corporate performance. We expect our hypothesis to generate new insights and perspectives within the field of service quality and business performance in the SME context of Iraq. This could stimulate further academic dialogue, ignite additional research inquiries, and contribute to improved theories and practices relevant to the service industry.

2.9 Digital Marketing Orientation and Competitive Advantage

The effectiveness of digital marketing tools, including social networks, in improving a company's competitiveness has been extensively studied. Sceulovs and Gaile-Sarkane (2011) found that strategic use of social networks can significantly enhance a company's competitive advantage. Their research highlights the valuable role of social networks within digital marketing strategies, providing empirical evidence for their effectiveness in improving business competitiveness.

Narver & Slater (1990) contend that for a company to consistently create exceptional value for its customers and thereby gain a sustainable competitive advantage, market orientation must be the primary priority of the entire enterprise. According to Talaja et al. (2017), market orientation enhances competitive advantage, which improves a company's business performance. Several studies (Zhou et al., 2009; Kamya et al., 2010; Safarnia et al., 2011; Herman et al., 2018) , including one involving manufacturing SMEs in Malaysia (Afsharghasemi et al., 2013) , have confirmed a positive correlation between market orientation and competitive advantage .

Besides digitalization, some studies investigated the impact of social media on competitive advantage (Agung & Darma, 2019). Social networks of various kinds are widely known to be great locations to locate and target groups of clients with high accuracy. Social media networks collect data controlled by users, enabling enterprises to get insights from consumers who share experiences and interactions (Arrigo, 2018).

In marketing, combining various capabilities is crucial for gaining a competitive edge. These capabilities are highly valued, cannot be easily replaced, and possess supreme qualities contributing to a competitive advantage. According to Wijewardena (2003), there is a strong correlation between marketing capabilities and competitive advantage. Wijewardena emphasizes

that organizations should focus on developing and nurturing their marketing capabilities to the point where they become the driving force behind their competitive advantage.

Previous research has provided evidence to support the notion that the integration of diverse marketing capabilities contributes to gaining a competitive advantage (Lu et al., 2010). A competitive advantage is a valuable resource that enables organizations to establish a successful position within the market (Boso et al., 2013). Furthermore, it aids in developing networks and the overall industry system, as demonstrated by existing studies (Gao et al., 2010; Morgan & Slotegraaf, 2012).

Hypothesis 3: There is a positive direct relationship between digital marketing orientation and competitive advantage.

The hypothesis presented is based on a comprehensive synthesis of multiple theoretical foundations, empirical findings, and key concepts that have been extensively examined in our prior scholarly discussions. The suggested connection between digital marketing orientation and competitive advantage offers a valuable perspective for our study, encouraging a more thorough investigation into the complex dynamics of digital marketing strategies and their capacity to generate competitive advantages within the specific context of the small and medium-sized enterprises (SME) sector in Iraq.

This hypothesis will influence our research methodology. It is expected that our hypothesis will contribute to the emergence of original insights and perspectives within the realm of digital marketing and competitive advantage, specifically in the context of small and medium-sized enterprises (SMEs) in Iraq.

2.10 Service Quality and Competitive Advantage

The interest in the concept of quality among companies increased after the nineties, and it became a priority as competition increased. Markets became global, and organizations entered a state of global competition to be competitive and empower performance. A decent number of companies have enforced the quality of their products (Lakhal, 2009).for competitive markets; companies attempt to their goods or services in response to customers' needs and demands rather than offering them what was made just with the intention of selling. Tan & Shen (2000) see that besides other critical assets of any business, the customer profile is more about bargaining power than loyalty.

Customer attention is an asset for companies, as it can lead to an increase in market share. A well-regarded company can easily leverage its reputation to gain a larger market share and to achieve this level of excellence; quality is paramount. Quality service is the most direct means of achieving customer satisfaction and gaining a competitive advantage. Therefore, customer relationship management is essential for establishing and maintaining a logical and beneficial customer relationship. Marketing specialists must adopt a customer-centric philosophy to meet the trend of establishing and nurturing long-term customer relationships by enhancing customer satisfaction (Dominic et al., 2010).

For a company to remain competitive, it is crucial to maintain a high standard of service quality. This creates customer satisfaction and adds value to the company's offerings. A company's value to its customers is the foundation of its competitiveness. This value comes from both the primary and secondary activities of the company. A company's competitive advantages directly result from its activities (Gebauer & Worch, 2015). By providing more value to customers than its competitors, a company can gain a competitive edge (W.A.D.S.Wijetunge, 2016), knowing that the competitive advantage is only in comparison to competitors. That is, two factors are essential for the company's activities to generate and retain a competitive advantage: first, customized and unique activities enable the firm to have exclusive products or services that the customers want and value; second, is the difficulty for competitors to copy them (Holdford, 2018)

Dominic et al. (2010) investigated the significance of service quality for competitive advantage, and the study reveals that customer service is the most important element that can affect the competitive advantage among other elements available for organizations. Ozbekler & Ozturkoglu (2020) provide evidence that service quality dimensions (responsiveness, empathy, trust, tangible quality, and reliability) have a direct impact on the competitive advantage. The argument on quality service perceived by customers proposes that clients do not perceive all dimensions similarly. To gain a sustainable advantage, the critical element lies in providing high-quality service, which can lead to customer satisfaction (Shemwell et al., 1998).

The competitive landscape for small and medium-sized enterprises (SMEs) has become increasingly challenging, necessitating a focus on key areas of operation that may provide a competitive advantage. One such area is service quality, which has become a critical factor in determining a business's success and differentiation from its competitors. As the marketplace becomes more competitive, SMEs are recognizing the importance of delivering high-quality services to remain competitive and meet the evolving needs and expectations of their customers (Syapsan, 2019). Ensuring service quality has become an integral component of a well-rounded business strategy, and SMEs that prioritize this aspect of their operations are likely to gain a significant advantage over those that do not.

The research paper entitled Service Quality, Competitive Advantage, and Business Performance in Service Providing SMEs in Colombo District, Sri Lanka by Sajeewa Wijetunge, published in 2016 delves into the intricate connections between service quality, competitive edge, and overall business performance among small to medium enterprises (SMEs) located in the Colombo region of Sri Lanka. The study posits that superior service quality can foster an enhanced competitive advantage and, subsequently, bolster business performance. This theory was put to the test using data gathered from surveys involving 125 SMEs. The results, backed by a significance level of 0.01, validated the proposed hypotheses, revealing substantial positive associations between service quality and both competitive advantage and business performance. These findings serve as crucial takeaways for SME proprietors and administrators in the Colombo district, emphasizing the critical role of focusing on service quality to secure a competitive edge and long-term business prosperity.

The overall quality of service has a significant impact on gaining a sustainable competitive advantage (Sweis et al., 2018) although on the sub dimensional level the results were varies

from high impact to no impact. Rashid another study et al. (2019) assessed the impact of each dimension of service quality on competitive advantage; the results of the correlation analysis indicate that service quality dimensions, especially empathy, reliability, and trust and affirmation, play a significant role in determining the competitive advantage of banking organizations in Sulaymaniyah city. This suggests that higher levels of service quality were associated with a greater competitive advantage for the banking organizations. By consistently exceeding customer expectations and delivering exceptional experiences, businesses can establish a unique market position that is difficult for competitors to replicate.

Hypothesis 4: There is a positive direct relationship between service quality and competitive advantage.

The theoretical foundations, empirical substantiation, and central themes of this hypothesis have been thoroughly examined. This statement establishes the foundation for our investigation into the relationship between service quality and competitive advantage. This theory will have a significant impact on our study methodology. During our investigation, it is imperative to exercise diligence, maintain transparency, and adopt a critical approach. Our proposed concept has the potential to disrupt established service management and competitiveness paradigms. To validate our findings, we will meticulously analyze the collected data.

Our theoretical framework aims to shed light on the relationship between service quality and competitive advantage in the context of Iraqi SMEs. This has the potential to stimulate additional scholarly discourse, research, and the development of theories and practices within the service industry. It is anticipated that further empirical evidence will be sought to challenge or revise our initial hypothesis, as scientific theories are inherently capable of being proven false. Our objective is to gain a deeper comprehension of the intricate correlation between service quality and competitive advantage rather than merely affirming our initial assumption. The primary objective of this project is to make a significant and pertinent contribution to the academic community while also offering practical guidance to service-oriented firms in their pursuit of competitive advantage.

2.11 Competitive Advantage and Business Performance

Competitive advantage is a fundamental concept in strategic management, shaping the success of businesses in a highly dynamic global marketplace. A firm's competitive advantage refers to its unique capabilities or resources that enable it to outperform its rivals (Porter, 1985), Such advantages can be created through differentiation, cost leadership, and focus strategies. The impact of competitive advantage on business performance is significant. It often directly translates into enhanced financial performance, including increased profitability and revenue growth (Rumelt, 1991). However, the influence is not limited to financial aspects. A robust competitive advantage can also result in an improved market position, greater customer loyalty, and heightened stakeholder value (Barney et al., 2001) .

Many studies have found that competitive advantage positively impacts business performance (Munizu, 2013). However, the relationship between competitive advantage and business performance is contingent upon the firm's ability to sustain its competitive advantage over time

(Barney, 1991). Without this sustainability, competitors may imitate or neutralize the firm's advantage, undermining its business performance. Hence, companies must continually innovate, adapt, and enhance their competitive strategies to achieve lasting success.

In the context of small and medium-sized enterprises, (Udriyah et al., 2019) see that Competitive advantage refers to the combination of distinct elements that sets small and medium-sized enterprises (SMEs) apart from their competitors, enabling them to establish a distinctive and advantageous position within the market. Competitive advantage refers to the distinct capabilities that set an organization apart from its competitors, leading to better performance in the market. This advantage can be achieved through lower prices, higher quality, greater dependability, and shorter delivery times. Lower prices attract price-sensitive customers, while higher quality ensures products or services exceed customer expectations. Greater dependability builds trust and minimize disruptions, and shorter delivery times improve customer satisfaction. These capabilities give the organization a competitive edge, attracting and retaining customers and driving superior performance (Mentzer et al., 2000).

The need to remain innovative and superior to rivals has increased significantly; differentiating and having a competitive advantage is the only way to achieve this goal. The success of business organizations depends on having a distinct advantage over their rivals. A competitive advantage results from a successful strategy, resulting in superior Performance (Day, 1994; Porter, 2001). the different activities in any organization form the source of value in that organization. Competitive advantage can be achieved by applying a unique value-creation base strategy (Barney, 1991) or brilliantly outperforming competitors by copying them (Johnson & Sirikit, 2002). several strategies enable the firms to build competitive advantages such as high quality, low prices, marketing, improved processes, and innovation (Rijamampianina et al., 2003).

Kotler et al. (2017), in their famous Marketing 4.0 book, stated that reaching clients and evolving customer relationships required shifting from traditional to digital marketing approaches as companies can integrate online and offline techniques in the digital environment. They also mentioned that it is not effective to interact simply with clients' companies, which are required to be more flexible and adaptive to emerging technologies.

A competitive advantage is crucial for achieving outstanding Performance (Ma, 1999). As highlighted by Barney (1991), the diverse array of resources held and controlled by a firm, encompassing its assets, capabilities, organizational processes, attributes, information, and knowledge, play a pivotal role in shaping the firm's ability to conceive and implement strategies that result in enhanced efficiency, effectiveness, and ultimately superior performance. In most instances, empirical evidence supports the notion that competitive advantage is a key driver of superior performance. This can be attributed to firms strategically prioritizing the enhancement of their resource pool as part of their competitive strategy. (Abdullah et al., 2010).

Research shows that firms that consistently provide innovative value propositions, surpassing what is already available in the market, are more likely to establish a unique market position, build customer loyalty, and outperform their competitors. This customer-focused approach centered around delivering distinctive and enhanced value, is crucial in driving long-term

growth and achieving success in today's ever-changing business landscape. Accordingly, we hypothesized that.

Hypothesis 5: Competitive advantage has a direct positive impact on business performance.

The above hypothesis is based on a combination of different theoretical frameworks, empirical results, and common themes that we talked a lot about during our discussion. We anticipate that this hypothesis will provide a solid foundation for subsequent investigations, which aim to further delve into the nuances of the subject matter and refine, if not corroborate, our initial assumption. This proposed hypothesis will be assessed in the context of Iraqi SMEs.

2.12 The Mediating Effect of Competitive Advantage Between Digital Marketing Orientation, Service Quality and Business Performance

Competitive advantage plays a crucial role as a mediating variable in this research. However, the concept of competitive advantage can be susceptible to definitional challenges, potentially leading to tautological or circular arguments if handled improperly (Sigalas & Pekka Economou, 2013) . Therefore, it is of utmost importance to clearly understand what constitutes a competitive advantage within the scope of this study. Numerous studies have approached competitive advantage by conceptualizing it as a strategic element or a form of Performance (Islami et al., 2020) Adopting a definition and operationalization of competitive advantage free from such issues is essential. One such definition, put forth by Barney (Newbert, 2008), equates competitive advantage with strategy or performance.

According to Barney (1991), competitive advantage arises from implementing a strategy that encompasses cost reduction, exploiting market opportunities, and neutralizing competitive threats. Importantly, this definition suggests that competitive advantage is not synonymous with the strategy itself but emerges as an outcome of the strategy. Additionally, competitive advantage serves as a predictive factor for performance rather than being synonymous with the performance itself .By considering competitive advantage as an intervening variable within a robust model, we can better understand its role and impact in the context of this study. This approach allows for a more comprehensive examination of the relationships between digital marketing orientation, service quality, competitive advantage, and performance without falling into the trappings of circular reasoning.

Some scientific studies have extensively investigated the mediation role of competitive advantage in the relationship between digital marketing and business performance (Muis et al., 2022; Hosni et al., 2022) . Digital marketing, encompassing various online promotional strategies and tools, has become critical for modern businesses seeking to thrive in the digital era (Chaffey & Ellis-Chadwick, 2019). Scholars and researchers have recognized the significance of competitive advantage as a key determinant of business success, emphasizing its ability to differentiate a firm from its competitors and provide sustainable long-term profitability (Barney, 1991; Porter, 1985). Consequently, investigating how digital marketing activities contribute to competitive advantage and subsequently influence business performance has emerged as a crucial study area.

By exploring the interplay between digital marketing, competitive advantage, and business performance, these research endeavors aim to shed light on the mechanisms through which organizations can leverage digital marketing to gain a competitive edge and achieve superior financial outcomes (Suandi et al., 2022; Kerdpitak et al., 2022) Through empirical investigations, researchers have examined various aspects of this relationship, including the role of digital marketing strategies, such as search engine optimization, social media marketing, and content marketing, in fostering competitive advantage (Eid et al., 2020). Furthermore, studies have explored how different dimensions of competitive advantage, such as cost leadership, differentiation, and innovation, mediate the impact of digital marketing on business performance (Thomas, 2015)

A subsequent in-depth analysis conducted by Qin & Hongxia (2016) has unveiled a noteworthy revelation whereby the relationship between marketing capability and business performance is fully mediated by competitive advantage. The empirical evidence gathered from the research substantiates that the impact of marketing capability on business performance is contingent upon the intermediary function exerted by competitive advantage. These findings provide robust academic insights, elucidating the intricate mechanisms through which marketing capability influences business performance, thus emphasizing the pivotal role played by competitive advantage as a mediating construct in this relationship. These investigations have provided valuable insights into the complex dynamics between digital marketing, competitive advantage, and business performance, informing managers and practitioners about the strategies and tactics that can effectively leverage digital marketing to enhance business outcomes. Overall, the extensive body of academic and scientific research on the mediation role of competitive advantage between digital marketing and business performance has contributed significantly to our understanding of how organizations can harness the power of digital marketing to gain a competitive edge in the ever-evolving digital landscape.

Small and medium-sized enterprises (SMEs) that embrace online accessibility leverage social media platforms and enhance their e-commerce capabilities, experiencing notable enhancements in their overall business performance. These improvements encompass increased income generation, expanded employment prospects, enhanced innovation, improved competitiveness, and overall operational efficiency (Kano et al., 2022).

On the other side, Market orientation relies on additional constructs to elucidate its impact on market performance (Foley & Fahy, 2009; Menguc & Auh, 2006) , and such factors in this study are service quality and competitive advantage. The proposition highlights the role of service quality as another independent factor and competitive advantage as a mediator in the relationships of our model. It suggests that organizations can leverage their distinctive capabilities and resources to gain a competitive edge, thereby achieving exceptional outcomes in the market.

Warraich et al. (2013) conducted an empirical investigation encompassing 320 companies operating within the telecom sector in Pakistan. Their study unearthed a significant and noteworthy insight, demonstrating that service quality emerged as a paramount determinant of competitive advantage. This finding bears utmost academic relevance, highlighting the crucial role that service quality plays in shaping and distinguishing firms within the telecom industry's

competitive landscape. The attainment of a competitive advantage necessitates consideration of various factors, among which the quality of services holds considerable prominence. Within business success, it becomes evident that providing superior services is pivotal. This significant discovery underscores the fundamental importance of service quality as a primary catalyst for organizations seeking to establish and maintain a competitive advantage. According to the research conducted by Maclaren & McGowan (1999), several critical elements were identified as significant in forming a competitive advantage within small engineering firms in the United Kingdom. These elements encompassed personal touch, specialized offerings, employee loyalty, expedited decision-making, prompt delivery, local image, heightened innovativeness, and increased flexibility. Moreover, the study emphasized that these factors contribute to competitive advantage and play a pivotal role in fostering long-term customer relationships within the industry.

Lakhal (2009) conducted a comprehensive study to explore the relationship between quality and organizational performance. His findings confirmed that quality has both a direct and an indirect impact on organizational performance. Furthermore, the study revealed that quality not only influences overall organizational performance but also contributes to an organization's competitive advantage .Lakhal's analysis indicated that quality is crucial in enhancing an organization's competitive advantage by improving price/cost, delivery dependability, time to market, and product innovation. Previous research studies have also highlighted the influence of different quality components on various aspects of competitive advantage. The study establishes a strong link between quality and organizational performance, emphasizing the importance of quality in enhancing an organization's competitive advantage.

Vickery & Droge (1996) provides strong evidence supporting the role of quality in driving business performance through competitive advantage. The analysis within the furniture industry reveals a positive correlation between quality dimensions and marketing and financial performance measures. Design quality/design innovation and product improvement are particularly significant. Cross-functional integration is crucial for creating and refining high-quality products. Product design and development engineers contribute through effective design, testing, and prototyping, while marketing personnel conduct customer analysis and develop positioning strategies. Manufacturing functions rely on skilled operators, process capability, and accurate cost estimates. The alignment of these activities results in high-quality products, leading to improved business performance. Quality remains a foundational element of competitive advantage (Alghamdi & Bach, 2013).

Dominic et al. (2010) findings strongly support the assumption that service quality is a key driver of competitive advantage. Organizations that prioritize and excel in customer service gain several benefits. Building long-term partnerships with customers and suppliers based on trust and accumulated experience leads to a competitive edge. Secondly, organizations can meet and exceed customer expectations by effectively managing customer service performance through well-designed logistics systems, enhancing overall satisfaction. This, in turn, boosts repeat business, generates positive word of mouth, and increases long-term profitability.

Based on the earlier investigation, we propose the following two hypotheses.

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Hypothesis 6: The relationship between digital marketing orientation and business performance is mediated by competitive advantage.
Hypothesis 7: The relationship between service quality and business performance is mediated by competitive advantage.

The hypotheses presented in this study are grounded in a synthesis of theoretical frameworks, empirical evidence, and key concepts that have been extensively examined in previous discourse. These variables play a crucial role in establishing the fundamental basis for our research, guiding us in the investigation of the complex interrelationships among Digital Marketing Orientation, Service Quality, Competitive Advantage, and Business Performance.

These hypotheses propose the presence of mediation effects. It is important to recognize that our hypotheses have the potential to question established paradigms in the fields of marketing, service management, and competitive advantage. Consequently, a rigorous and thorough examination of our data will be conducted to verify the strength and reliability of our conclusions. It is expected that these hypotheses will yield innovative insights and perspectives within the realm of digital marketing, service quality, and competitive strategy, specifically in the context of small and medium-sized enterprises (SMEs) in Iraq.

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Chapter 3: Research methodology

3.1 Introduction

Research methodology represent an essential and fundamental section of any research, the methodology chapter serving as the road map which guides us to answers our questions or and validates the proposed hypotheses. In this chapter, we will dive into the different components of the research methodology, ranging from research design to survey instruments, operationalization of variables, data analysis, and the validation and development of research instruments.

We will start by providing an overview of the research design, moving to the examination of survey tools and the mechanisms through which variables are operationalized. Along this journey, we will take a detailed look at the design of the questionnaire, measuring constructs, and explore the operationalization of independent, dependent, and mediating variables. Moreover, we explain the validity and reliability of our research instruments, introducing various techniques for achieving this. In addition, discussing statistical methodologies frequently used in research will take place. This exploration covers topics such as data filtering, exploratory and confirmatory factor analysis, as well as structural equation modeling.

We also look at different ways to measure goodness-of-fit. Through this chapter, we aim to provide a comprehensive overview of research methodology. By the end of this chapter, we hope to have equip the reader with the information necessary to identify the research design and statistical procedures that we followed in this research.

3.2 Research design

This research aims to investigate digital marketing orientation and service quality in improving business performance and evaluating the mediation effect of competitive advantage in the SMEs in Iraq. This research is an empirical study. It is to follow a positivist philosophy approach. At first, we will explore the literature reviews, but the quantitative research method will be applied to answer the research question and assess the hypothesis of the research. The study process will consider several peer-review academic journals relevant to this study to develop a theoretical background upon which the study's framework can be derived. A structured questionnaire will be employed to collect the primary data.

A research design is an important part of any study since it describes the techniques for gathering and analyzing data to answer research questions or hypotheses. Perry et al. (1998) It is recommended that a Ph.D. thesis use a single primary approach that is well-suited to solve the research challenge and related research gaps. The quantitative technique chosen for this study was deemed appropriate because it is often used in hypothesis testing and is capable of discovering correlations between dependent and independent variables (Creswell & Creswell, 2018; Sekaran, 2003). The research design should be developed in response to the research questions and must be consistent with the data acquired for the study (Perry et al., 1998).It is important to note that any study requires a well-designed research plan to provide accurate and dependable outcomes. The quantitative technique and survey design used in this study will give a solid framework for hypothesis testing, data gathering, and analysis, this will contribute to a more comprehensive knowledge of the research topics.

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Quantitative research uses numerical data to analyze a phenomenon and often relies on statistical techniques to draw conclusions. The research design in quantitative research is important to ensure accuracy and reliability of data collection and analysis. Structured questionnaires for collecting primary data were used. The survey method is an efficient form of data collection that is inexpensive (Parsons, 2017).

3.2.1 Sampling method

To achieve the goals of the study. To collect primary data, a quota sampling strategy will be used. In studies of management, the results must be based on a statistically significant portion of the population. because we cannot study the entire universe of elements or population that we are interested in (Sekaran, 2003). Continuing with the same earlier source, when a study aims to generalize its results to an entire population, using a sampling method is a good option. Sampling involves selecting a subset of individuals from the population to represent the characteristics of the larger group.

By Taking a Statistically Suitable Sample, the study can estimate the characteristics of the entire population with a certain level of confidence. Sampling also allows researchers to collect data more efficiently and cost-effectively than trying to survey or measure the entire population. However, it is important to choose a sampling method that is appropriate for the research question and to use techniques to minimize bias and ensure that the sample is truly representative of the population. Many studies have employed quota sampling, a form of non-probability sampling. Participants are chosen according to quotas set for certain criteria, such as age, gender, race, education level, or occupation (Lehner, 1991). Several factors may influence a study's decision to employ quota sampling. Several factors may influence a study's decision to employ quota sampling, such as limited resources, a need for specific subgroups, as well as time constraints and the inclusion of difficult-to-reach people, as well as time constraints and the inclusion of difficult-to-reach people (Taherdoost, 2016) .

Quota sampling can be a more efficient and cost-effective way to collect data, especially when the population size is large, and the budget is limited it allows researchers to select participants from specific subgroups of the population that they are interested in studying, ensuring that these groups are represented in the sample (Yang & Banamah, 2014). In addition, quota sampling can serve as a valuable method for researchers seeking to incorporate participants who are typically difficult to access. This approach enables researchers to establish specific quotas for these subgroups, thereby guaranteeing their adequate representation within the sample. Nevertheless, it is crucial to acknowledge that the utilization of quota sampling has the potential to introduce biases if the quotas are not established in a suitable manner or if the participants are not chosen randomly within each quota. Hence, it is imperative for researchers to thoroughly deliberate upon the trade-offs and potential limitations associated with quota sampling prior to deciding regarding its utilization.

According to Parsons (2017), the quota sampling method is a non-probability sample process of the population where variables are selected based on their representation in the population. The quota sampling method is used when the targeted population is grouped into separate and distinct divisions (Rukmana, 2014), Given the varying numbers and business sectors of Small

and Medium-Sized Enterprises (SMEs) across different cities in Iraq, the utilization of this sampling method is expected to yield advantageous outcomes for the study. In terms of survey costs and estimator accuracy, quota sample is often used to improve a sample design's efficiency (Parsons, 2017).

The study's population can be individuals, groups, events, or institutions that represent the research's subject (Sekaran, 2003). The study population is senior and high management staff from Iraqi SMEs. The available statistics in Iraq's central statistical organization in 2018 indicated that there are 26247 SMEs operating in Iraq.

In this investigation the selected Sampling method ensure each category proportionally represented. I opted for in-person collection of responses, this direct approach prevents any category from being overrepresented. Being physically present during data collection was instrumental, as it allowed me to directly address any questions or concerns respondents had about the questionnaire. The data collection process took almost 8 months from August 2022 to April 2023. To avoid selection bias in choosing the (SMEs), I have implemented a strategic approach based on availability, accessibility, and a geographically broad distribution. This method ensured that the sample of SMEs was not confined to a particular area or type of business, which could skew the results

3.2.2 Sample Size

One crucial element of empirical research involves assessing the appropriateness of the sample size employed, causing careful evaluation of the conducted data analysis. To this end, several scholars have proposed recommendations concerning the smallest sample size required for conducting Structural Equation Modeling (SEM), a statistical technique commonly employed in social science research. According to the views of (Williams & Holahan, 1994), a minimum sample size of one hundred is typically satisfactory for conducting an SEM analysis. It has been suggested that a minimum of 10-20 participants per parameter estimate included in the model represents an optimal sample size (Schumacker & Lomax, 2004). Kelloway (1998) and Marsh et al. (1988) have emphasized the importance of a sufficient sample size in obtaining dependable goodness-of-fit measures. Specifically, these scholars suggest that a minimum sample size of 200 may be required for ensuring the validity of such measures.

The survey method usually takes the form of a questionnaire (Grohmann & Kauffeld, 2013), used to collect the responses data. The E-questionnaire will be distributed through and printed form of surveys to gather relevant data from SMEs' workers. While adopting an online-questionnaire method, several advantages can be obtained. It reduces the respondent's accident errors, gathering responses faster, wide-range coverage for the potential respondent, low cost, and convenience (Carcary, 2012) , yet the printed form was needed to ensure that our surveys reach the intended target.

Cooper & Schindler (2008) stated that the representative sample is essential for commercial purposes and contend that the sample size represents a subset of the wider population. Neither the over-estimated sample nor the under-estimated sample is good with doing research. First, it will be a waste of time and resources, and second, the findings and conclusions won't be reliable. Therefore, the researcher will accept a margin of error of 5% with a 95% level of

confidence, which is common in social science research. To achieve the goal of the research, the formula recommended by Suresh & Chandrashekara (2012). was employed to calculate the sample size, as the population size for SMEs in Iraq is already known.

3.3 Survey Instruments and Operationalization of Variables

3.3.1 Questionnaire Design

To examine the primary research hypotheses, which were primarily focused on validating established theories, a research model was developed. The survey method was employed to collect primary data, an efficient and economical way of gathering numerical data. The questionnaire survey methodology was chosen as it allowed for collecting a large amount of data in a relatively short period.

The survey instrument was designed to capture information related to the variables under investigation, the questions were carefully adapted and modified to ensure their relevance. A combination of different valid and reliable instruments was adopted in this research and integrated in one instrument. Competitive advantage was measured through 5 items scale adapted from Walsh et al. (2010), The independent variable, digital marketing orientation was measured using Mahmutovic (2021), service quality, the second independent variable was measured through servqual model.while business performance measured throgh a four- items scale adopted from Sigalas et al. (2013).

The Likert scale score that had been adopted in this research was an interval scale. The initial step of data collection was using Likert 5 scale ranging from strongly disagree to strongly agree then the collected data were coded in SPSS from 1 to 5 during the analysis process the measurement type was set to be Scale which represent an interval continuous data type, this measurement was selected because Factor analysis requires a correlation matrix and its best suited for continuous data Factor analysis works well with continuous data because it relies on the correlation between variables, which is best determined with these types of data.

The survey was distributed through a personal visit to the randomly selected SMEs through quota sampling, and participants were provided with clear instructions on how to complete it. (Sigalas & Pekka Economou, 2013). The questionnaire survey methodology was an appropriate approach for collecting primary data to investigate the research hypotheses. Data collected from the survey was analyzed using statistical techniques to test the validity of the research hypotheses. Descriptive statistics were used to summarize the data, while inferential statistics were used to test the hypotheses.

3.3.2 Measurement Of Constructs

This section provides comprehensive information on the process of developing the research instrument that was utilized in this investigation. To get the necessary data on the variables that were being investigated, closed-ended questions were used. The Likert scale, with its five possible responses, is used for all the questions.

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3.3.2.1 Operationalization Of Independent Variables

Digital marketing orientation (DMO) is one of the two independents variable, DMO is a strategic imperative that emphasizes the importance of digital marketing to the success of a business. It promotes the development of innovative digital concepts and initiatives and relies on the incorporation of digital technologies into business operations. In addition, it necessitates the production of digital intelligence, which enables the comprehensive monitoring and measurement of digital customer interactions and conversion rates. Digital marketing orientation requires rigorous planning and resource allocation, including the creation of a comprehensive digital marketing plan. The study conducted by Mahmutovic (2021) will be utilized as a measurement scale for this variable in our work. Consequently, the sub-variables of digital marketing, namely Strategic Emphasis (SE), Digital Intelligence Generation (DIG), and Planning and Resource Provisioning (PRP), will be employed through the following items in Table 5.

Table 5

Questionnaire Items of Digital Marketing Orientation

Items	Statements
SE1	We believe that using digital marketing in our business is strategically important.
SE2	We educate our employees that utilizing the new capabilities given by digital marketing is essential to business success.
SE3	We encourage the development of innovative ideas and initiatives for the use of the Internet and other digital technologies in marketing activities within our organization.
SE4	It is our belief that our organization should capitalize on the potential benefits offered by digital marketing, thereby optimizing the utilization of the Internet and other digital technologies within our business operations.
SE5	The integration of the Internet and other digital technologies into our company's marketing activities is indispensable.
DIG1	For monitoring the performance of our website, we have clearly defined parameters (metrics).
DIG2	On our website, we keep track of the actions taken by visitors.
DIG3	We know how many website visitors become clients.
DIG4	We are aware of the proportion of visitors who reached at our website via different online mediums (such as Facebook, Google advertisements, display ads, and search engines).
PRP1	The company has developed a comprehensive digital marketing plan that encompasses well-defined activities, designated responsible individuals, and allocated budgets for each activity.
PRP2	Our digital marketing plan is an essential component of our marketing strategy and is developed in accordance with the marketing strategy's aims.
PRP3	Throughout the year, we hold multiple meetings to develop a digital marketing strategy.
PRP4	For the implementation of digital marketing activities, our organization has necessary technical assistance (people or specialized corporate services).

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PRP5	People with knowledge of digital marketing are in charge of digital marketing implementation in our organization.

Note. SE stands for Strategic emphasis, DIG stands for Digital intelligence, PRP stands for Planning and resource provisioning, adapted from Mahmutovic (2021).

Service quality refers to the degree to which the performance of a service meets or surpasses the expectations of its clients. It is the second independent variables of this, the concept under consideration encompasses multiple facets, namely reliability, responsiveness, empathy, assurance, and tangibles. Reliability pertains to the degree of consistency in the provision of services. We are adopting the SERVQUAL model to measure this latent variable through the following items, Table 6.

Table 6

Questionnaire Items of Service Quality

Items	Statements
Tang1	We have modern equipment in our company.
Tang2	The visual aesthetics of our physical facilities are appealing.
Tang3	Our personnel are well-dressed and appear neat
Tang 4	The appearance of our company's physical premises is consistent with the sort of services supplied.
Rel1	When our company commits to do something by a given date, we follow through.
Rel2	Our firm demonstrates empathy and provides reassurance when customers encounter difficulties.
Rel3	Our firm is dependable
Rel4	We provide our services on the dates and times we promise.
Rel5	At our enterprise, we retain accurate records.
Res1	We are expected to provide consumers with precise service delivery dates.
Res2	Customers should expect prompt service from our company's workers.
Res3	Our personnel must constantly be willing to assist clients.
Res4	It is not acceptable if we are too busy to reply to client demands quickly.
A1	Customers should be able to put their trust in our workers.
A2	Customers should be able to feel secure when dealing with workers of our company.
A3	our employees are polite.
A4	Companies should give their workers the help they need to do their jobs well.

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Emp1	Customers should be able to expect personalized service from our company.
Emp2	Customers can expect our employees to pay close attention to them.
Emp3	It is reasonable to expect personnel to understand our clients' needs.
Emp4	It is reasonable to expect our company to act in the best interests of their customers.
Emp5	We are expected to keep operation hours that are convenient for all of our customers.

Note. The abbreviation as follow: Tangibles(tang), Reliability (Rel), Responsiveness (Res), Assurance(A), Empathy (Emp), the measurement was adopted from SERVQUAL model.

3.3.2.2 Operationalization Of Dependent Variable

For this study, business performance is the dependent variable, business performance refers to the analysis of a company's operational, financial, and market position outcomes. The business performance will be succinctly measured using four indicators adopted from Delaney & Huselid (1996). the following items used for this study.

Compared to other rival firms in your industry, how would you evaluate your firm’s performance over the past 3 years in terms of :[chose from much worse to much better]

- marketing
- growth in sales
- profitability
- market share

3.3.2.3 Operationalization Of Mediating Variable

The mediator variable is used for further understanding the interdependence and the relationship between the dependent and the independent variables. As described by Oliver (1999), competitive advantage is the mediator variable in this research; in this study, we will measure competitive advantage using Walsh et al. (2010) measurement, through the following items, details are in Table 7.

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Table 7

Questionnaire Items of Competitive Advantage

No	Statements
1.	We differ from our competitors since we are among the most affordable on the market.
2.	We distinguish ourselves from our competition due to the originality of our products.
3.	We can stay in the market since we focus on meeting the demands of particular segments of the market.
4.	The quality of our goods and services is the most key factor in giving us a competitive edge.
5.	Customers think of us as a forward-thinking company that is often the first to bring new goods to market.

Source. Adopted from Walsh et al. (2010).

3.4 Data Analysis

In this section we will introduces and discuss the theoretical foundation of data analysis and procedures that we will be taken in this research such as data screening, missing values, validation of the instrument and statistical procedures such as EFA, CFA, SEM with slight emphasis on model fit indices.

3.4.1 Data Screening

Data screening is a crucial initial step in data analysis that involves cleaning and preparing the data for further analysis. The results of each item from the survey are extracted into SPSS software to begin this process. Before the data can be analyzed, a categorization scheme must be established to guide the coding of the data. This helps in accurately transcribing the information from the questionnaires into a digital format. After the coding, editing process undergo to address any outliers, inconsistencies, or missing responses that may have been recorded to ensure the validity and reliability of the data. Data screening techniques, such as frequency distributions, histograms, can be used to visually evaluate data for anomalies, missing entries, or inaccuracies. However, different screening techniques cannot be used interchangeably, and researchers must choose the most suitable screening methods based on the characteristics of their survey and the design of their study. Effective data screening can have a substantial impact on the correlations between individual items, estimates of reliability, and statistical findings (DeSimone & Harms, 2017; Sekaran, 2003) .

3.4.2 Missing values

Handling missing or incomplete data is an essential step of data analysis, the elimination and cleaning process help to provide accurate results and less distortion in the out puts. This process involves identifying and excluding observations or records that have missing values to minimize the impact of missing data on the analysis and ensure the result are valid and reliable (Enders, 2010; Little & Rubin, 2019).There are several methods that can be used for missing

value exclusion, including mean imputation, regression imputation, and multiple imputation (Little & Rubin, 2019). Deciding the method depends on the nature and amount of missing data, as well as the research question and hypothesis being tested (Paul D. Allison, 2001).

However, missing value exclusion should be handled with caution, as it may introduce bias in the result and losing information (Raghunathan, 2004).The deletion technique, as an approach to addressing missing data, is generally discouraged due to its potential to introduce significant biases in the results of chi-square statistics (Chen, 2020). Consequently, it is advised to consider alternative methods, such as imputation techniques, which aim to minimize the impact of missing data on the results. For example, (Kim et al., 2020; Chen & Zhang, 2021) argue that the aim of imputation is to replace missing values with plausible values based on available information to minimize the potential of wrong conclusions. The use of imputation is particularly common in SEM analysis using the AMOS software (Kim et al., 2020). Chen & Zhang (2021) also emphasize that the choice of imputation method should depend on the nature of the missing data and the research questions being addressed.

3.4.3 Surveyed Organizations Profile: Descriptive Analysis

In this section, we will provide a detailed descriptive statistic about the surveyed SMEs, this will help the reader to have glance on the sample and form a general perspective on the type of SMEs and the sector of industry they operate in, beside how each business sector represented in the whole SMEs sector in the surveyed country. We will use SPSS mainly to present some frequencies and descriptives.

3.4.4 Validation And Refinement of Instrument

3.4.4.1 Reliability

For any instrument (scale measurement), there are two fundamental and essential features, reliability and validity are necessary for ensuring that the instrument we developed accurately measures our research variables. The findings of the scientific work are relying on the accuracy of the measurement tool. Testing the validity can glance at how well the instrument's development, while reliability being represented as the instrument's capacity to remain constant over time(Bajpai & Bajpai, 2014) and both express the goodness of data. An assessment of validity and reliability will be conducted through EFA and CFA analysis. convergent validity and discriminant validity are utilized to ensure the construct validity.

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3.4.4.2 Validity

Zhang et al. (2000) provide a definition of validity on page 742, wherein it is described as the extent to which an instrument accurately assesses the specific construct for which it was designed. There are several methods available for assessing the accuracy of a measurement instrument, including construct validity, content validity, criterion-related validity, discriminant validity, and convergent validity (Zhang et al., 2000; Carmines & Zeller, 1979; Carmines & Zeller, 1979). The evaluation of the different measurement tools was conducted using these methodologies for the purpose of this research.

3.4.4.2.1 Construct Validity

Construct validity, also known as factorial validity, refers to the extent to which the obtained results align with the underlying theories that the measurement instrument was designed to assess (Malhotra, 1998). It is imperative for the researcher to assess the construct validity of the study and operationalize the theoretical concept. According to Malhotra and Stanton (2004), the utilization of construct validity is directly proportional to the extent of validity that can be established. There are two fundamental types of construct validity, namely convergent validity, and discriminant validity. This study utilized both types in the following manner:

3.4.4.2.2 Convergent Validity

Convergent validity is classified as a form of construct validity. The construct validity implies to the degree to which the items on a scale are assumed to accurately represent a particular construct, as determined by a variety of evidence pertaining to that construct (Parasuraman et al., 1991). To assess the convergent validity of the measurement scales utilized in this research, the factor loadings of the observed items on the latent construct were carefully examined (Wong, 2002). Consequently, the utilization of confirmatory factor analysis was employed to evaluate the convergent validity of the constructs within the research (Churchill, 1979).

Convergent validity holds significant importance and should be duly considered by researchers during their research endeavors. Convergent validity pertains to the construct that encompasses or exhibits a substantial amount of shared variance (Hair et al., 2006). Convergent validity refers to the extent to which different measures of the same construct are positively correlated, indicating that in essence, it assesses the extent to which two measures that share a common concept exhibit a relationship. The assessment of convergent validity can be conducted by employing confirmatory factor analysis (CFA) to ascertain that the factor loading of constructs exceeds the threshold of .30, as recommended by Hair et al. (2006).

The concept of Variance Extracted (VE) pertains to the measurement of the collective variance that is observed among the indicators or manifest variables associated with a specific construct (Hair et al., 2006). The Average Variance Extracted (AVE) concept refers to the degree to which a construct captures variance relative to the variance associated with measurement error (Hair et al., 2006) . To establish convergent validity, it is imperative that the variance extracted (VE) surpasses a minimum threshold of 0.50. Furthermore, the comparison is made between the average variance extracted (AVE) and the squared correlation among the relevant interconnected variables (Fornell & Larcker, 1981).

Malhotra and Stanton (2004) assert that the criterion for validating the use of a construct is that its average variance extracted (AVE) should exceed 0.50.

3.4.4.2.3 Discriminant Validity

Discriminant validity refers to a conceptual framework for evaluating the extent to which a measurement instrument can accurately estimate the underlying truth within a specific domain (Rönkkö & Cho, 2020) .To achieve discriminant validity, it is necessary to demonstrate that the measures exhibit weak correlations with analogous yet distinct constructs (Wong, 2002). Discriminant validity represents a significant facet of construct validity. Discriminant validity refers to the assessment of constructs that are anticipated to have no significant relationship with each other (Hair et al., 2006). The concept pertains to the degree of differentiation among items in terms of representing distinct constructs or measuring separate concepts. The evaluation of discriminant validity entails analyzing the squared correlation between the observed constructs that have the potential to exhibit overlap. It is advisable for observed constructs to demonstrate a greater loading on their corresponding construct, while not demonstrating significant loadings on other constructs. The present study utilized two methods to evaluate discriminant validity, the Heterotrait-Monotrait Ratio HTMT and Fornell & Larcker criteria.

3.4.5 Statistical Procedure

Multiple multivariate analyses were conducted to ascertain the associations among the variables in this study. Three commonly used statistical methods in research are exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM). The forthcoming sections will provide detailed explanations for each of these analyses.

3.4.5.1 Exploratory Factor Analysis (EFA)

An essential application of factor analysis pertains to the utilization of factor scores as input for subsequent stages of analysis (Aaker, 1971; Wong, 2002). The preliminary step of conducting an exploratory factor analysis (EFA) was undertaken prior to the subsequent analysis of structural equation modeling (SEM). The selection of the Maximum likelihood method with Promax rotation was based on its extensive utilization and high level of acceptance in the field of operational management research. The utilization of this approach is frequently employed to streamline factors rather than variables, as demonstrated by prior research conducted by Wells and Jagdish (1971) and Wong (2002).

3.4.5.2 Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) techniques typically aim to identify the sets of observed variables that exhibit covariance or common characteristics, to effectively describe the constructs (Schumacker & Lomax, 2004). The confirmatory factor analysis shares many similarities with the EFA (exploratory factor analysis), although there is a notable distinction in that the CFA incorporates constraints that are resulting from the hypotheses into the analysis. The limitations that may be raise include the specified number of hypothesized factors, the characteristics of the relationships between these factors, and the magnitude of the factor loading for each variable (Schumacker & Lomax, 2004). According to Gerbing and Anderson (1988), it has been argued that confirmatory factor analysis (CFA) has the potential to provide a more

stringent account of one-dimensionality. The researchers conducted a confirmatory factor analysis (CFA) to determine the underlying variables' unidimensionality, as well as the convergent and discriminant validity (Hair et al., 1998).

The valid measurement model is a measurement model that measures what it's supposed to measure. A valid measurement model refers to a framework that has been proven to meet the standards of psychometric integrity. This means it has demonstrated both reliability and validity in its measures and constructs, this will assure items that measure a specific latent variable but not the other variables. This process is achieved by confirmatory factor analysis (Byrne & Byrne, 2013). This study will deploy SPSS 25 and AMOS 28 for data analysis.

After exploratory factor analysis, measurement model using confirmatory factor analysis with AMOS to evaluate the measuring model's suitability.

3.4.5.3 Structural Equation Modelling (SEM)

In social science research, structural equation modeling (SEM), particularly in quantitative investigations, has grown significantly in popularity. This is primarily because it makes it easier to modify and assess theoretical models (Bentler & Chou, 1987). The application of Structural Equation Modeling (SEM) offers significant benefits in the examination of the interrelationships among latent variables. (Hair et al., 1998). The purpose of this assessment is to evaluate the degree to which a proposed conceptual model aligns with the collected data, as well as to determine the structural relationships among the sets of latent variables (Byrne, 2001). The modeling procedure conducted by employing the covariance matrix, and this approach entailed the utilization of Maximum Likelihood Estimation. The maximum likelihood estimation (MLE) method is widely employed in various fields and is particularly effective when the assumptions of multivariate normality are satisfied (Choi, 2010; Hair et al., 1998).

Structural equation modelling (SEM) is a widely used statistical technique in the field of research, SEM is utilized to evaluate hypotheses related to associations of theoretical causal relationships, including both direct and indirect effects. Structural equation modelling (SEM) is particularly useful when analyzing complex datasets that consist of intercorrelated dependent and independent variables (Hair et al. 2006; Kline, 1998).

The researcher used Structural Equation Modelling (SEM) in this investigation. to examine the proposed relationships among digital marketing orientation, service quality, competitive advantage, and the business performance model, as described in the previous chapter. According to the study conducted by Anderson and Gerbing (1988), the structural test in question employs a two-stage procedure. The first step involves determining accurate measurements of the constructs, while the subsequent step entails evaluating the structural relationships. In the current study, measurement and structural models were created and evaluated using SPSS 28 and AMOS 25.

The present research study incorporates SEM as an analytical tool due to various reasons, as evidenced by existing literature and prior investigations. SEM analysis techniques are commonly utilized by researchers when they incorporate a diverse range of factors or variables into their study. Additionally, employing a questionnaire as an analysis instrument is deemed

advantageous when aiming to establish interval scales (Hair et al., 2006; 1995). Particularly, these methods prove to be advantageous in the identification of survey questions that serve as valid indicators of complex constructs (Malapit et al., 2019). Moreover, in cases where the component requiring measurement and evaluation is of a highly hypothetical and conceptual nature, such as in social science research involving perceptive measures, Structural Equation Modelling (SEM) is strongly advised. The process of structural equation modelling comprises two primary steps, Validating the measurement model and fitting the structural model (Kenis & Knoke, 2002).

3.4.5.4 Goodness-of-fit Measures.

According to Hair et al. (1998), there is no singular statistical method that can accurately capture the abilities to predict of a structural model. According to Byrne (2009), the process of determining which indices can be considered appropriate goodness-of-fit estimators.

is a complicated one. This complexity arises from the fact that different indices may behave differently depending on factors such as sample size, estimation method, the complexity of the model, and assumption infringement connected to variable independence and multivariate normality Ulrich, 2009). Therefore, the evaluation of goodness-of-fit continues to be a subjective process in which researchers, equipped with their own interpretations of different indices, the model, and the data, determine which indices should be employed to accurately describe the model fit and the extent to which the fit is considered satisfactory (Ulrich, 2009). To assess the overall adequacy of a structural model, it may be advantageous to utilize a combination of evaluation measures. This study incorporates various measures, including measures of absolute fit, incremental fit, and parsimonious fit, as proposed by Jöreskog & Sörbom. (1998).

3.4.5.5 Absolute Fit Measures

Absolute fit measures are used to assess the ability of the whole model, including both the measurement and structural models, and the ability to forecast the covariance between observations (Hair et al., 1998). Several examples of absolute fit measures commonly utilized in structural equation modeling (SEM) include the likelihood-ratio chi-square statistics, the goodness-of-fit index, and the root mean square residual (Wong, 2002).

3.4.5.5.1 Likelihood-ratio Chi-square Statistics

Hair et al. (1998) asserts that the most fundamental measure of overall fit and the sole statistically based measure of goodness-of-fit in structural equation modeling (SEM) is as follows. The evaluation of model fit relies on the significance of the chi-square test, as a lower value of the chi-square statistic indicates a smaller discrepancy between the hypothesized and estimated models. However, the application of chi-square in goodness-of-fit analysis within structural equation modeling (SEM) has encountered difficulties, primarily in the form of a tendency to reject the model that has been fitted (Schumacker & Lomax, 1996; Ulrich, 2009). The occurrence of these errors can be attributed to the non-normality of the dataset and is expected to manifest as the sample size increases (Byrne, 2009; Ulrich, 2009). Therefore, it can be inferred that the chi-square measure exhibits sensitivity towards both a large sample size and deviations from multivariate normality in the observed variables (Wong, 2002).

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3.4.5.5.2 Goodness-of-Fit Index (GFI)

The Goodness-of-Fit Index (GFI) is a statistical measure used to assess the degree of fit between a model and the observed data, specifically evaluating the extent to which the model deviates from a complete lack of fit (Ho, 2006) The index spans from zero, indicating a suboptimal fit, to one, indicating an ideal fit. A higher index value corresponds to a greater level of goodness-of-fit for the model. There exists a widely accepted agreement among scholars that a minimum value of 0.90 is necessary to signify a satisfactory level of fit (Hair et al., 1998).

3.4.5.5.3 Root Mean Square Residual (RMR)

The Root Mean Square Residual (RMR) is a statistical measure that quantifies the average discrepancy distinction lies in the comparison between the input matrices that have been directly observed and those that have been estimated. The calculation involves determining the square root of the average of the squared differences between observed and predicted values, which in turn represents the mean of the differences between the observed and estimated values. This concept was introduced by Hair et al. in 1998. The range of the residual mean square (RMR) extends from zero, indicating a perfect fit, to one, indicating a poor fit (Hair et al., 1998). A lower value of RMR corresponds to a higher level of goodness-of-fit.

3.4.5.6 Incremental Fit Measures

The evaluation of model fit, and hypothesis testing relies heavily on the utilization of measures of incremental fit. Incremental fit measures are used to evaluate the estimated model against the reference model, also known as the null model (Wong, 2002). The null model is considered a practical model that all other models are expected to outperform (Hair et al., 1998). Several examples of fit indices include the Normed Fit Index (NFI), Adjusted Goodness-of-Fit Index (AGFI), and Comparative Fit Index (CFI).

3.4.5.6.1 Normed Fit Index (NFI)

The NFI metric represents the percentage of improvement in fitness compared to the baseline independent model, as defined by Bentler and Bonett (1980). Despite the widespread usage of NFI, research has demonstrated that it tends to undervalue the adequacy of fit of a model which is known as the goodness-of-fit of a model when applied to small samples. The NFI index spans from zero, indicating a suboptimal fit, to one, indicating a flawless fit. A higher index value corresponds to a greater level of goodness-of-fit. According to Byrne (2009) and Hair et al. (1998), it is widely accepted in the literature to consider a minimum value of 0.90 as a standard for indicating a satisfactory fit.

3.4.5.6.2 Adjusted Goodness-of-Fit Index (AGFI)

The Adjusted Goodness-of-Fit Index (AGFI) is a widely used measure for assessing the degree of fit between a statistical model and the observed data. The Adjusted Goodness-of-Fit Index (AGFI) assists researchers and analysts in assessing the appropriateness and reliability of the selected model for conducting data analysis. The AGFI measure is derived from the GFI measure through the modification of the "degrees of freedom for the null model" (Wong, 2002, p. 143). The index spans from zero, indicating a suboptimal fit, to one, signifying an optimal fit.

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As the index value increases, the quality of the goodness-of-fit improves. A commonly accepted criterion for a satisfactory fit is a minimum value of 0.90 (Hair et al., 1998).

3.4.5.6.3 Comparative Fit Index (CFI)

The term CFI, as defined by Wong (2002), pertains to the evaluation of the disparities between the estimated model and a null or independence model (p. 143). The index spans from zero, indicating a suboptimal fit, to one, indicating an ideal fit, with higher values indicating a higher degree of goodness-of-fit. According to Byrne (2009) and Hair et al. (1998), it is generally accepted in academic literature that a minimum value of 0.90 is considered indicative of a good fit.

3.4.5.7 Parsimonious Fit Measures

Parsimonious fit measures pertain to the degree of goodness-of-fit of a model in relation to the number of estimations needed to achieve an appropriate level of fit (Hair et al., 1998). Lower values of the Root Mean Square Error of Approximation (RMSEA), a widely accepted parsimonious index, indicate a more favorable fit. Ho (2006) states that values within the range of 0.05 to 0.08 are indicative of an acceptable fit, while values between 0.08 and 0.10 are considered to represent a mediocre fit. Furthermore, any result exceeding 0.10 is suggestive of a poor fit (as cited in Ulrich, 2009, p. 89) .

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Chapter 4: Reliability, Validity, hypothesis Testing and Model fit Analysis

4.1 Introduction

The development of the theoretical model and comprehensive literature review for the framework formation was introduced in the previous chapters. Additionally, the hypothetical model which clearly defines hypotheses to be tested, and a well-explained methodology for analyzing the collected data presented in the previous section of this thesis. Based on the designed instrument and the data collected from the field survey, this chapter will provide a comprehensive discussion about the validity and reliability of the test's findings. Hypothesis testing can only be conducted using scales of measurement that are both reliable and valid.

The initial section of this chapter provides an overview of the data cleansing procedure and presents the demographic characteristics of the respondents. After that an overview of the organizations' information. A comprehensive analysis to assess the validity and reliability of the measurements. The examination focused on evaluating the reliability of the measures using various statistical techniques, including Cronbach's alpha values, scale composite reliability, exploratory factor analysis (EFA), and confirmatory factor analysis (CFA). The main second focus of this chapter is the hypothesis testing and the model fit examination which was introduced in detail.

4.2 Data screening and Missing values

The starting point of data analysis is the data cleaning. After data was extracted from the survey for each item, the data was filled into SPSS software. Many techniques were recommended by researchers for the process of data cleaning, such as box plots and histograms, in addition to the distribution of frequencies; these techniques provide a graphical representation of missing values, outliers and imputation mistakes (Creswell & Creswell, 2018).In our dataset, there were no missing data, no duplicated cases, no outliers and free of imputation errors, the data were ready to analyze the validity and reliability of the instrument

4.3 Demographic profile and other characteristics

Table 8, below includes detailed information about the distribution of respondent based on their education, gender, age group and years of experience besides the size of surveyed SMEs. The data reveals that a reasonable number of respondents have long experience, and many of the respondents have a respective educational background; the sample has a balanced portion of males and females.

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Table 8

Demographics Statistics

Demographic characteristics	Frequency	Percentage
Gender		
Female	165	43.5%
Male	214	56.5%
Age group		
20-29	106	28 %
30-39	185	48.8 %
40-49	63	16.6 %
50-59	22	5.8 %
60-69	3	0.8 %
Education		
Bachelor	275	72.6%
Master	77	20.3%
Ph.D.	27	7.1%
SMEs by number of employees		
1-9	72	19%
10-49	136	35.9%
50-249	171	45.1
Experience		
1-5	131	34.6%
6-10	144	38%
11-20	63	16.6%
21-30	41	10.8%

Source. Own editing.

The surveyed SMEs were distributed according to their representation in the total population. Table 9 contains the completed data of each sector with the corresponding number of enterprises operating in that sector based on the data taken from the central statistical organization in Iraq, the number of samples taken from each sector presented in Table 11, based on its weight in the total population which is indicated in Table 10, quota composition table .

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Table 9

Basic Population Distribution Table

Industry Sector	Number of SMEs
Automotive	277
Business Support & Supplies	485
Computers & Electronics	1177
Construction & Contractors	485
Entertainment	346
Food & Dining	3947
Health & Medicine	416
Home and Garden	1801
Legal & Financial	346
Manufacturing, Wholesale, Distribution	7826
Merchants (Retail)	2147
Miscellaneous & Utility Companies	416
Personal Care & Services	5679
Real Estate	277
Travelling and Tourism	623
Total	26247

Source. Based on reports of on central statistic organization in Iraq.

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Table 10

Quota Composition Table

Industry Sector	Number of SMEs	Per cent of Total
Automotive	277	1.1%
Business Support & Supplies	485	1.8%
Computers & Electronics	1177	4.5%
Construction & Contractors	485	1.8%
Entertainment	346	1.3%
Food & Dining	3947	15.0%
Health & Medicine	416	1.6%
Home and Garden	1801	6.9%
Legal & Financial	346	1.3%
Manufacturing, Wholesale, Distribution	7826	29.8%
Merchants (Retail)	2147	8.2%
Miscellaneous & Utility Companies	416	1.6%
Personal Care & Services	5679	21.6%
Real Estate	277	1.1%
Travelling and Tourism	623	2.4%
Total	26247	100.0%

Source. Own editing.

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Table 11

Sample Composition Table

Industry Sector	Sample Size	Per cent of Total Sample
Automotive	4	1.1%
Business Support & Supplies	7	1.8%
Computers & Electronics	17	4.5%
Construction & Contractors	7	1.8%
Entertainment	5	1.3%
Food & Dining	57	15.0%
Health & Medicine	6	1.6%
Home and Garden	26	6.9%
Legal & Financial	5	1.3%
Manufacturing, Wholesale, Distribution	113	29.8%
Merchants (Retail)	31	8.2%
Miscellaneous & Utility Companies	6	1.6%
Personal Care & Services	82	21.6%
Real Estate	4	1.1%
Travelling and Tourism	9	2.4%
Total	379	100.0%

Source. Own editing.

The following figure provides us with a glance at the sector of industries where most SMEs work: manufacturing, wholesale, and distribution count for most SMEs, followed by personal care & services, food &dining. This picture of the SME distribution can be ascribed to a range of socio-economic factors. The presence of abundant natural resources, particularly oil, in Iraq, as well as the ongoing efforts towards post-conflict reconstruction, contribute to the increased demand observed in the manufacturing, wholesale, and distribution sectors. The personal care and services industry flourishes due to the cultural significance placed on grooming, the rise in disposable income resulting from economic growth, and the ability of small and medium-sized enterprises (SMEs) to offer tailored services at a local level. The food and dining industry in Iraq, which is deeply ingrained in the country's diverse culinary heritage and social customs, demonstrates resilience.

4.4 Exploring Descriptive Analysis of Constructs

A descriptive analysis was conducted to comprehensively understand the research's dependent variables of the Small and Medium Enterprises (SMEs) under study. The analysis included determining each construct's mean and standard deviation score; results are presented in Table 12, The level of implementation of each construct was compared to the hypothetical mean to

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understand the degree of adaptation; based on the mean score, we conclude either a specific variable has a high or low implementation level.

Table 12

Constructs' Descriptives

Constructs	Minimum	Maximum	Mean	Std. Deviation
Competitive Advantage	1	5	3.91	1.000
Strategic Emphasis	1	5	3.91	0.898
Digital intelligence generation	1	5	3.82	0.995
Planning and resource provisioning	1	5	3.91	0.917
Business Performance	1	5	3.73	0.980
Tangibles	1	5	3.83	0.964
Reliability	1	5	3.85	1.003
Responsiveness	1	5	3.91	1.015
Empathy	1	5	3.73	1.004
Assurance	1	5	3.90	1.073

Source. Own editing.

The results shows that all the sub-constructs have above-average values, which indicates a positive response to respondents' overall constructs. The results explain how employees at the surveyed SMEs think of their digital marketing orientation and the service that they provide to their customers; it explains that, in general, they believe that their enterprises have an advantage and perform well in the business.

4.5 Reliability and Validity Test

Validity and reliability tests represent an essential part of empirical research; this importance was emphasized by scholars (Choi, 2012). reliability refers to the degree to which the constructs are free of random error. Litwin (1995) argued that reliability can be used to determine whether an instrument's data is reproducible. The reliability of this study is assessed using Cronbach's alpha, a widely utilized coefficient method for measuring internal consistency among items, owing to its practicality. According to (Hair et al., 2006), it is suggested that a general guideline for the cut-off value of Cronbach's alpha is 0.60, while a value of 0.80 is commonly regarded as indicative of good reliability.

In the following sections, discourse pertains to the diverse examinations conducted to assess the construct validity (i.e. unidimensionality reliability, convergent validity, discriminant validity). To establish construct validity within the scope of this study, an exploratory factor

analysis (EFA) was performed to validate the presence of the latent variables underlying the research. According to the recommendations of multiple researchers, items with factor loadings below 0.40 should be either eliminated or improved. According to Choi (2012) and Kim & Mueller (1987),

Following the completion of the identification of latent and observed variables through exploratory factor analysis (EFA), a confirmatory factor analysis (CFA) was conducted to assess the extent to which the indicators are associated with the selected latent variables (Choi, 2012).

4.5.1 Exploratory Factor Analysis

In the preliminary stage, a Maximum likelihood with Promax rotation was conducted to validate the underlying structure of the study dimensions; this technique helped ensure that the proposed dimensions accurately captured the complexity of the constructs under investigation. This study consists of five sub-dimensions for service quality and three sub-dimensions for digital marketing orientation, whereas competitive advantage and business performance are measured collectively, each of them as one dimension without subdimensions.

The study employed a comprehensive approach to capture each dimension's full scope by utilizing multiple indicators derived from previous literature. This method ensured the dimensions were thoroughly and accurately represented, considering various perspectives. Using multiple indicators was crucial in providing a nuanced understanding of the constructs under investigation, thus enhancing the validity and reliability of the study. The identification of the indicators that adequately capture the dimensions under consideration is of paramount importance. Lijia (2015) conducted to minimize redundant information, extract the most significant data, establish the factorial dimensions, and validate these dimensions.

Even though the questionnaire used in this research was based on previous studies, these different instruments were not integrated together before. Additionally, this adapted survey had not been applied to Iraqi small and medium enterprises (SMEs). Therefore, exploratory factor analysis was necessary to conduct this study. As Maximum likelihood (ML) allows for the estimation of factor loadings, which represent the strength of the relationship between the observed variables and the underlying factors, it was chosen as an extraction method to conduct the EFA. Exploratory factor analysis (EFA) was conducted on the 45 items to establish the validity of the factors. To justify the inclusion of an item in a factor, only factor loadings of 0.50 or higher on that factor were considered. Cross-loading on other factors was not allowed. This approach ensures that each item is adequately represented by its respective factor and avoids potential confusion or ambiguity caused by cross-loading.

During the validation process, seven items were eliminated (i.e., SE2, RL4, RL3, RS3, ASR4, EMP3, and EMP5) with poor loading factor on their respective unobserved variable, the results of the Promax rotated EFA demonstrated that the ten constructs were extracted purely with high factor loading and without cross-loading. Furthermore, the Kaiser-Meyer-Olkin (KMO) value was 0.968, a metric of adequate sampling. The result suggests that all the remaining items serve as reliable measures of the constructs. An assessment of the internal consistency of the measures was conducted employing Cronbach's alpha. This analysis revealed that all values surpassed the suggested threshold of 0.60. The data thus indicates that the measurements

utilized in the study are reliable and consistent in measuring the relevant constructs. For simplicity, the overall EFA results were presented in separate tables for each latent variable in the following paragraphs.

Details of exploratory factor analysis for digital marketing orientation DMO are introduced in Table 13; this construct initially had 14 items as follows: 5 items for strategic emphasis SE, four for digital intelligence generation DIG, and five indicators for planning and resource provisioning PRP. One item was dropped in the EFA to enhance the pattern matrix.

The overall Cronbach's alpha value for DMO is 0.944, which is found to be a very high level of internal consistency. The result suggests that the remaining 13 items used to measure DMO are highly correlated and measure the same underlying construct of digital marketing orientation, while the separate Cronbach's alpha values for each of the subconstructs within DMO were 0.887 for SE, 0.913 for DIG, and 0.926 for PRP. These values indicate that each subconstruct is also internally consistent and reliable and that the items within each subconstruct measure the same underlying concept and generally demonstrate good levels of relationship with their corresponding constructs. The factor loadings for most indicators were above the recommended threshold of 0.5, suggesting that the indicators used in the study were reliable and valid in measuring their respective constructs.

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Table 13

Details of Exploratory Factor Analysis For DMO

Con-structs	No. of Items	Indica-tors	Factor Loadings	KMO	Eigen-value	% Of Variance	Cronbach's Alpha
Digital Marketing Orienta-tion	14		0.948				0.944
Strategic Empha-sis (SE)	05				6.384	1.328	0.887
		SE1	0.571				
		SE2	Dropped				
		SE3	0.761				
		SE4	0.694				
		SE5	0.598				
Digital intelli-gence genera-tion (DIG)	04				1.349	4.034	0.913
		DIG1	0.735				
		DIG2	0.922				
		DIG3	0.746				
		DIG4	0.801				
Planning and re-source provi-sioning (PRP)	05				1.065	55.484	0.926
		PRP1	0.862				
		PRP2	0.943				
		PRP3	0.809				
		PRP4	0.646				
		PRP5	0.727				

Source. Own editing.

Regarding Service Quality, our second dependent latent variable in this study, using 22 items representing this latent variable, was entered into the EFA; six items were eliminated (RL3, RL4, RS3, ASR4, EMP3, EMP5) due either to low loading or cross-loading. **Table 14** represents the results of a factor analysis conducted on the measurement; the service quality was extracted into five subconstructs after dropping the previously mentioned items, and the factor loading of the remaining items shows a strong correlation with the underlying construct. The Kaiser-Meyer-Olkin (KMO) shows that the data is highly suitable for factor analysis with a value of 0.935. The table also shows that all five constructs have high levels of internal consistency reliability, with an overall of 0.961 Cronbach's alpha value.

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Table 14

Details of Exploratory Factor Analysis for Service Quality (SQ)

Constructs	No. of Items	Indica-tors	Factor Load-ings	KMO	Eigen-value	% Of Vari-ance	Cronbach's Alpha
Service Quality (SQ)	22			0.935			0.961
Tangibles	04					3.456	0.916
		TN1	0.904				
		TN2	0.981				
		TN3	0.303				
		TN4	0.955				
Reliability	05					1.893	0.954
		RL1	0.958				
		RL2	0.785				
		RL3	Dropped				
		RL4	Dropped				
		RL5	0.930				
Responsiveness	04					1.235	0.957
		RS1	0.808				
		RS2	0.776				
		RS3	Dropped				
		RS4	0.961				
Assurance	04					2.383	0.949
		ASR1	0.856				
		ASR2	0.805				
		ASR3	0.945				
		ASR4	Dropped				
Empathy	05					4.496	0.932
		EMP1	0.948				
		EMP2	0.902				
		EMP3	Dropped				
		EMP4	0.871				
		EMP5	Dropped				

Source. Own editing.

Furthermore, Table 15 provides the details of the Exploratory Factor Analysis (EFA) conducted on the Competitive Advantage (CA) construct. The CA construct comprised five indicators and scored an overall KMO value of 0.894, which is indicative of a strong factor structure. The factor loadings for the five indicators of the competitive advantage ranged from 0.649 to 0.901. The value of Cronbach's alpha was 0.896, indicating a strong internal

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consistency of the construct. The results of the exploratory factor analysis(EFA) suggest that the five indicators (Items) of the competitive advantage construct have a strong consistent relationship, providing evidence for the construct's validity and reliability. These findings support the use of the competitive advantage (CA) construct as a measure of competitive advantage.

Table 15

Details of Exploratory Factor Analysis for Competitive Advantage (CA)

Constructs	No.of Items	Indica-tors	Factor Load-ings	KMO	Eigen-value	% Of Vari-ance	Cronbach's Alpha
Competitive Ad-vantage (CA)	5			0.894			0.942
					6.384	2.374	
		CA1	0.649				
		CA2	0.901				
		CA3	0.754				
		CA4	0.763				
		CA5	0.828				

Source. Own editing.

Furthermore, Table 16 contains details about the exploratory factor analysis for the business performance (Bp) construct. The construct formed of four indicators and gained an overall KMO value of 0.855, indicating a strong factor structure. The four indicators' factor loadings range from 0.671 to 0.819; all the entered items were loading collectively on their respective variable. The results indicate strong and consistent relationships among the four indicators of the business performance variable, which provide evidence for the validity and reliability of

the construct. The Cronbach's Alpha was 0.919. Therefore, the business performance construct measure is valid and reliable.

Table 16

Details of Exploratory Factor Analysis for Business Performance (BP)

Constructs	*No. of Items*	*Indicators*	*Factor Loadings*	*KMO*	*Eigenvalue*	*% Of Variance*	*Cronbach's Alpha*
Business Performance (BP)	4			0.855			0.917
					6.384	1.969	
		BP1	0.671				
		BP2	0.806				
		BP3	0.819				
		BP4	0.689				

Source. Own editing.

4.5.2 Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis is a statistical method to recognize the connections between the fundamental constructs and their observed variables, with factors being permitted to freely inter-correlate (Anderson & Gerbing, 1988).

To evaluate the measurement model, convergent validity, and construct reliability, we will utilize the confirmatory factor analysis (CFA). The four variables that will be included in the measurement model are digital marketing orientation, service quality (the dependent variables), competitive advantage as a mediator, and business performance. Through this analysis, we will be able to determine the strength of the relationship between the observed variables and a specific set of latent variables. It is important to conduct this evaluation to accurately assess this relationship (Lee & Brown, 2020).

The goodness-of-fit of the measurement frameworks assesses the extent to which the items effectively examine the constructs under study (Choi, 2010), even though the model was developed based on previous research and empirical evidence. The measurement model is evaluated using various goodness-of-fit indices, including the normed chi-square test, the Standardized Root Mean Square Residual (SRMR), the Non-normed Fit Index (NNFI), the Comparative Fit Index (CFI), and the Goodness of Fit Index (GFI).

4.6 Measurement Model

The model under study has ten variables; the two independent variables, digital marketing orientation, consist of three sub-variables, while the other independent variable has five sub-variables. The total number of variables to be considered with the second-order factor during the measurement model process. To establish the scales for the dimensions incorporated in the

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measurement model, the variance of each dimension was set to a value of 1. Therefore, the essential prerequisites of plausibility and identification have been satisfied. The measurement model's goodness-of-fit indices are as follows. The CFI=0.972, NFI=0.936, GFI=0.87, χ^2/df=1.714, SRMR=0.0359, RMSEA = 0.043, TLI = 0.968. It has been indicated that the model exhibits a strong fit with the dataset. Values of the Normed Fit Index (NFI) and Comparative Fit Index (CFI) that approach 1 indicate a strong fit, while index values exceeding 0.90 are generally deemed acceptable (Choi, 2012; Steenkamp & Van Trijp, 1991). In general, the presented statistics provide evidence of a relatively good alignment between the observed data and the expected outcomes.

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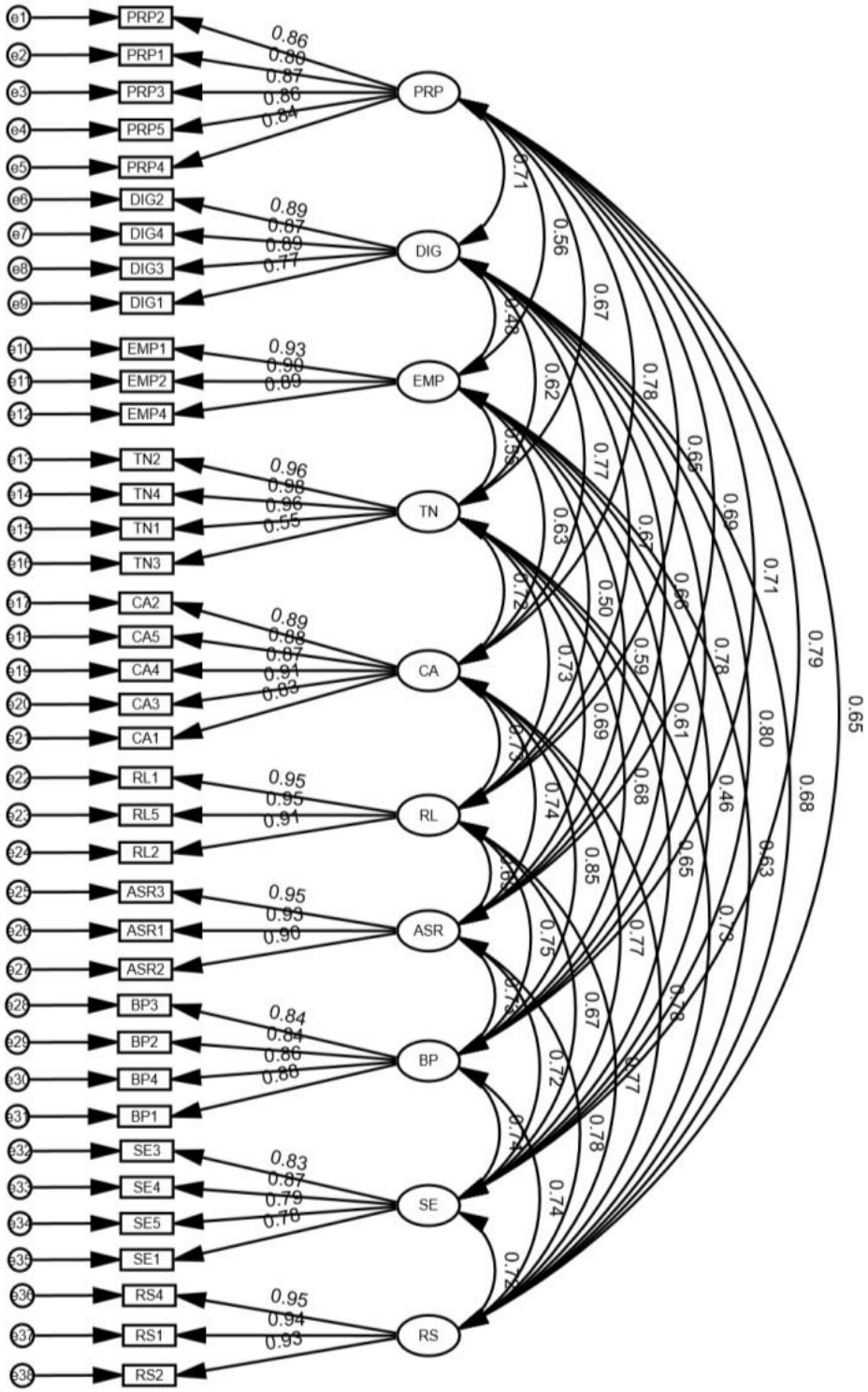
Figure 3: Measurement Model



Source. Own editing.

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4.6.1 Unidimensionality

Unidimensionality refers to the extent to which scale items measure a single underlying construct. Anderson and Gerbing (1991) suggest that one-dimensionality is an important condition for analyzing the reliability and validity of a scale construct, meaning when a scale is unidimensional, a single score can be used to represent the value of the scale, and the underlying construct being measured is reflected in this score. When a scale is not unidimensional, the scale's items measure more than one construct. In this case, a single score cannot represent the value of the scale. To examine the unidimensionality, we use exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). EFA is used to identify the underlying factor structure of a set of variables, while CFA is used to test a hypothesized factor structure. In both cases, the aim is to determine whether the scale items measure a single underlying construct or dimension.

Unidimensionality, a term frequently employed in psychometrics and statistics, pertains to a collection of items or variables collectively measuring a singular underlying construct. Several measurement theories, such as classical test theory and item response theory, are based on this assumption. The concept of "unidimensionality" pertains to the idea that the responses to the items can be comprehensively accounted for by a solitary shared dimension. According to (Dunn et al., 1994). unidimensionality refers to the presence of a single underlying factor that accounts for a set of items. Researchers frequently employ statistical techniques, such as factor analysis, to determine whether their measures exhibit unidimensionality or multidimensionality.

According to (Kline, 2016), one of the methods to examine unidimensionality using confirmatory factor analysis is the significance of the factor loading, that is, the estimated correlation between particular items and the underlying construct it represents. According to our confirmatory factor analysis regression weight values are presented in Table 17, the data reveals that there is no issue related to unidimensioality. The second way is the evaluation of the general measurement model's acceptance, which is determined by its fit to the collected data.

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Table 17

Standardized Regression Weight

Item		Construct	Estimate	P-value	Item		Construct	Estimate	P-value
PRP2	<---	PRP	0.86	***	CA3	<---	CA	0.91	***
PRP1	<---	PRP	0.80	***	CA1	<---	CA	0.83	***
PRP3	<---	PRP	0.87	***	RL1	<---	RL	0.95	***
PRP5	<---	PRP	0.87	***	RL5	<---	RL	0.95	***
PRP4	<---	PRP	0.84	***	RL2	<---	RL	0.91	***
DIG2	<---	DIG	0.89	***	ASR3	<---	ASR	0.95	***
DIG4	<---	DIG	0.87	***	ASR1	<---	ASR	0.93	***
DIG3	<---	DIG	0.89	***	ASR2	<---	ASR	0.90	***
DIG1	<---	DIG	0.77	***	BP3	<---	BP	0.84	***
EMP1	<---	EMP	0.93	***	BP2	<---	BP	0.84	***
EMP2	<---	EMP	0.90	***	BP4	<---	BP	0.86	***
EMP4	<---	EMP	0.89	***	BP1	<---	BP	0.89	***
TN2	<---	TN	0.96	***	SE3	<---	SE	0.83	***
TN4	<---	TN	0.98	***	SE4	<---	SE	0.87	***
TN1	<---	TN	0.96	***	SE5	<---	SE	0.79	***
TN3	<---	TN	0.55	***	SE1	<---	SE	0.78	***
CA2	<---	CA	0.89	***	RS4	<---	RS	0.95	***
CA5	<---	CA	0.88	***	RS1	<---	RS	0.94	***
CA4	<---	CA	0.87	***	RS2	<---	RS	0.93	***

Source. Author based on SEM analysis with AMOS 28., Note: (***) stands for that; the probability value is less than 0.001.

4.6.2 Convergent validity

According to Byrne's research in 1994, which was later extended by Xie in 2011 (p.194), convergent validity serves the purpose of establishing the correlation between different dimensions that assess the same underlying concept. The strength of the correlation is directly proportional to the degree to which the measuring instrument accurately captures the intended construct. Byrne and Xie emphasized the importance of establishing a robust correlation between the components of a measurement instrument and the overarching concept it aims to evaluate.

Furthermore, researchers use Confirmatory Factor Analysis (CFA) to further substantiate the convergent validity of the measurement model. The process was guided by a set of three conditions proposed by Fornell and Larcker in 1981. The conditions are outlined as follows:

The weight of all indicators, represented as (λ), should be significant 2) The reliability of the composite (CR), denoted as ρ, must uphold a specific criterion; the inner consistency of the measures evaluating the factor should go beyond a 0.60 threshold, following the standards

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proposed by Bagozzi & Yi in 1988 and 3) The Average Variance Extracted (AVE) of each construct should exceed a 0.50 mark Kline in (1998). our analysis outputs revealed that CR for all constructs is above 0.6 and the AVE is above 0.5 overall dimensions; see Table 18.

Table 18

Construct Reliability (CR) And Average Variance Extracted (AVE)

Construct	CR	AVE
PRP	0.927	0.716
DIG	0.915	0.730
EMP	0.932	0.821
TN	0.930	0.776
CA	0.943	0.768
RL	0.954	0.874
ASR	0.946	0.854
BP	0.917	0.735
SE	0.890	0.669
RS	0.957	0.882

Source. Own editing.

4.6.3 Discriminant validity

Discriminant validity refers to the degree to which a particular construct can be considered different and distinct from other variables, as stated by Hair, Black, Babin, and Anderson (2010, p. 710). To assess the discriminant validity test, it is expected that the estimated correlations between constructs, which consist of sets of indicators intended to measure distinct constructs, should exceed a threshold of 0.5.

Looking at Table 19 of the matrix, we can see that for each construct, planning resources and provisioning PRP, digital intelligence generation DIG, empathy EMP, tangible TN, competitive advantage CA, reliability RL, assurance ASR, business performance Bp, and strategic emphasis SE, the square root of the AVE (the number in diagonal) is larger than its correlations with other constructs (the off-diagonal numbers in the same row or column). This suggests that each construct is distinct, and the measurement model has good discriminant validity. These results could also be confirmed with convergent validity and reliability tests.

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Table 19

Correlation Matrix of Constructs

	PRP	DIG	EMP	TN	CA	RL	ASR	BP	SE	RS
PRP	0.846									
DIG	0.710***	0.854								
EMP	0.564***	0.485***	0.906							
TN	0.666***	0.623***	0.553***	0.881						
CA	0.778***	0.771***	0.634***	0.721***	0.876					
RL	0.646***	0.671***	0.504***	0.730***	0.730***	0.935				
ASR	0.687***	0.655***	0.591***	0.690***	0.738***	0.692***	0.924			
BP	0.713***	0.776***	0.611***	0.681***	0.850***	0.747***	0.727***	0.858		
SE	0.794***	0.803***	0.464***	0.654***	0.768***	0.665***	0.724***	0.741***	0.818	
RS	0.647***	0.679***	0.634***	0.732***	0.776***	0.768***	0.777***	0.743***	0.721***	0.939

Source. Author based on data analysis outputs.

The HTMT ratio is considered a more conservative measure for assessing discriminant validity. The metric is computed by taking the mean of the heterotrait-heteromethod correlations and dividing it by the mean of the monotrait-heteromethod correlations. Put simply, this study examines the relationships between various constructs (heterotrait) and compares them to the relationships within the same construct (monotrait). If the observed value falls below a specific threshold, this implies strong discriminant validity as it signifies that the constructs under consideration are clearly distinguishable from each other. The thresholds for strict and liberal discriminant validity are 0.850 and 0.900, respectively, Look at Table 20.

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Table 20

HTMT Analysis

	PRP	DIG	EMP	TN	CA	RL	ASR	BP	SE	RS
PRP										
DIG	0.646									
EMP	0.531	0.439								
TN	0.658	0.611	0.546							
CA	0.726	0.713	0.601	0.703						
RL	0.609	0.627	0.477	0.703	0.699					
ASR	0.646	0.599	0.561	0.685	0.698	0.662				
BP	0.654	0.702	0.569	0.665	0.791	0.701	0.682			
SE	0.719	0.739	0.421	0.625	0.701	0.612	0.656	0.668		
RS	0.610	0.635	0.600	0.707	0.742	0.739	0.745	0.696	0.661	

Source. Author based on data analysis outputs.

4.7 Hypothesis Testing and Model Fit

After the process of measurement model purification through the measurement validity and reliability tests, which have been made in the previous chapter, this chapter will focus on hypothesis testing and answering research questions.

The process of testing the hypothesis will start with conducting the structural equation modelling, subsequently checking the model fit by examining the model fit indices and then evaluating the path coefficient of the drawn relationship and deciding whether to accept or reject the hypothesis. Furthermore, we will respond to the research questions and answer them through this chapter.

4.8 Structural Equation Modelling analysis

Conducting structural equation modelling SEM is a widely performed practice using a two-step procedure; the first step involves conducting the confirmatory factor analysis CFA to confirm the factor structure and assess the measurement model's fit. Once we confirm the measurement model, the second step involves testing the structural model that includes relationships between the latent variables (Joseph F. Hair Jr. et al., 1998; Lin & Lee, 2005; Sit et al., 2009).

The justification for employing a two-step procedure lies in its ability to enhance the reliability and consistency of the measurement model prior to evaluating the structural model. To establish the relationship between the observed and latent variables, it is necessary to perform measurement model fit; this is the basis for the subsequent structural model. This approach allows

the researcher to test the validity of latent variables and ensure that the observed variables accurately measure the construct that is intended to be measured. The two-step procedure will also enhance the credibility of the study's findings and the accuracy of the structural model. Overall, the two-stage process of SEM modelling starts with CFA and then tests the structural model's hypotheses.

Structural Equation Modelling (SEM) has several advantages over traditional statistical methods, such as multiple regression analysis. Firstly, SEM allows for the simultaneous management of relationships, resulting in increased statistical efficiency. This is not possible in multiple regression analysis, which only allows for the examination of one relationship at a time. Secondly, SEM provides a comprehensive examination of the connections between observed and latent variables, which makes it possible to shift from exploratory to confirmatory factor analysis. This is particularly useful in situations where the researcher has a pre-existing theory about the relationships between variables (Rick H. Hoyle, 1995). Besides that, SEM can demonstrate concepts that are not directly observable through these associations and account for measurement errors during the estimation process (Rex B. Kline, 2015), and this is not possible with multi-regression analysis. Figure 4 illustrates the research model that was evaluated using structural equation modelling SEM, the SEM performed using the Maximum likelihood estimation, with Promax rotation.

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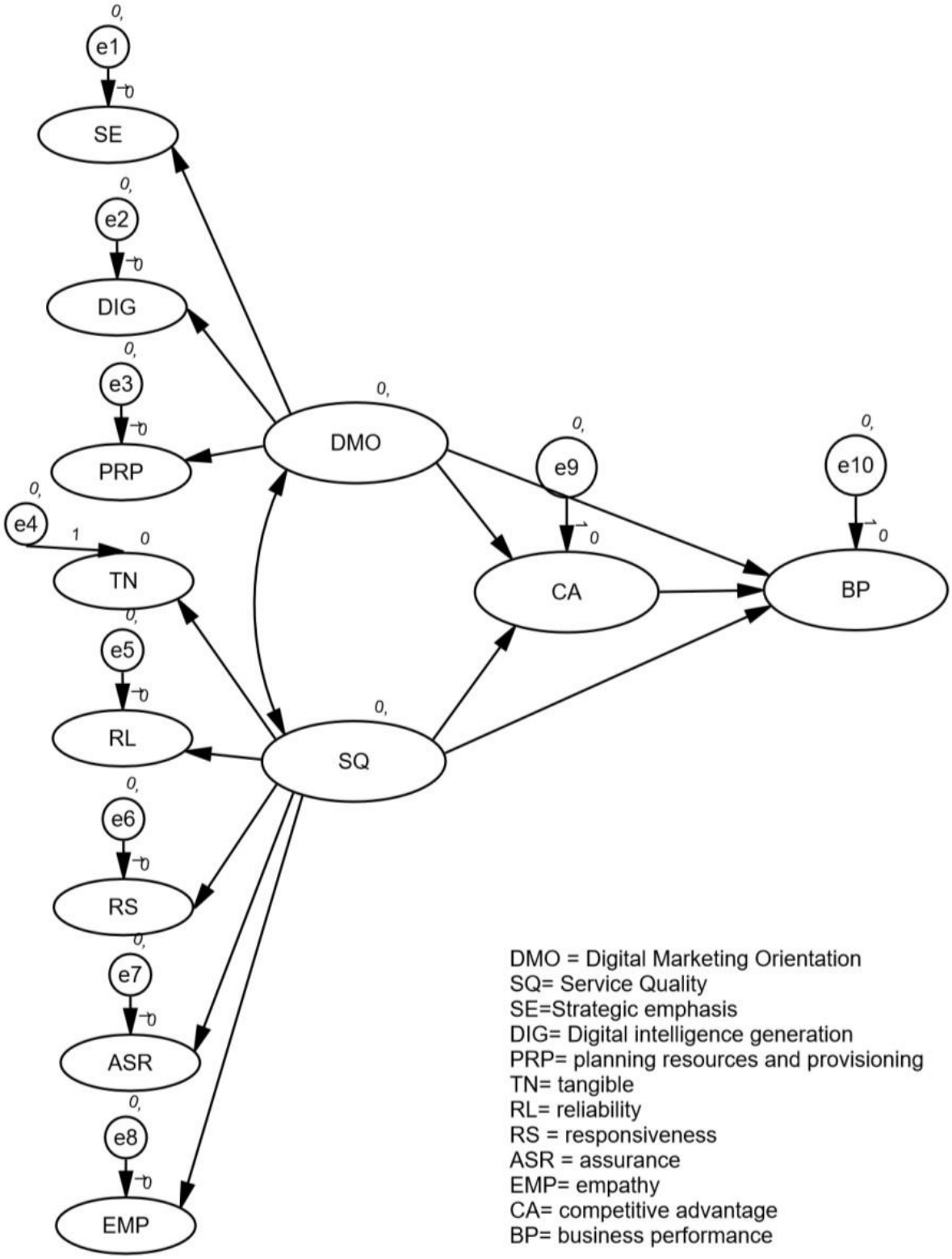
Figure 4: The Proposed Model's Variables Relationships



Source. Own Editing.

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4.9 Overall Model Fit

Theoretical frameworks serve as a guide for researchers to develop a systematic and coherent understanding of a particular phenomenon. However, the effectiveness of a theoretical framework depends on its ability to accurately explain the empirical data that is gathered (de Jong et al., 1998). Hence, a significant concern when analyzing a theoretical framework lies in its congruence with the observed reality within the sample.

In other words, to consider the theoretical model to be valid and reliable, the model should be able to fit the dataset. The model that can explain the empirical observations concisely and predict future outcomes while being replicable and testable for further investigations is strong.

Based on that, researchers must carefully assess the accuracy and validity of the theoretical framework before using it to explain their research findings. Failure to do so may result in inaccurate conclusions and incorrect interpretations. Therefore, the quality of a theoretical framework is measured by its ability to accurately explain the observed reality and provide a sound basis for future research. Table 21

Model Fit *Indices*, represents our model fit indices values.

Byrne & Byrne (2013)and Joseph F. Hair Jr. et al. (1998) proposed using several indicators that can be calculated using AMOS to evaluate the quality of a model fit. Such indices are CFI, GFI, NFI, RMSEA and the SRMR. The Comparative Fit Index (CFI) is a widely used goodness-of-fit statistic in structural equation modelling (SEM) that is not influenced by sample size and is less sensitive to model misspecification than other fit indices (Hu & Bentler, 1999). A CFI value of 0.90 or above is considered an acceptable model fit, while values above 0.95 are considered very good (Rex B. Kline, 2015). Therefore, using CFI to evaluate model fit is justifiable as it provides important information about the degree to which the model fits the data and can help researchers determine whether the model needs to be revised or improved.

The Normed Fit Index (NFI), Non-Normed Fit Index (NNFI), and Tucker Lewis Index (TLI) are commonly used measures to evaluate model fit. An NFI score of 0.95 indicates that the model has improved the fit by 95%, while NNFI (also known as TLI) is more suitable for smaller samples and should be above 0.90 (Byrne, 1994), or above 0.95 Schumacker & Lomax (2004).

The Root Mean Square Error of Approximation (RMSEA) is a parsimony-adjusted measure used to assess model fit. A value closer to 0 indicates a better fit, and it is recommended to be below 0.08 or 0.05. The p-value associated with RMSEA tests whether it is less than or equal to 0.05, which is often considered a cutoff for good fit and should be non-significant.

The Incremental Fit Index (IFI) is a measure that adjusts the Normed Fit Index (NFI) for sample size and degrees of freedom, as proposed by Bollen (1989). A value over 0.90 is generally considered indicative of a good fit, but it is important to note that the index can exceed 1.

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Table 21

Model Fit Indices

Measure	Estimate	Threshold	Interpretation
CMIN	1155.586	--	--
DF	651.000	--	--
CMIN/DF	1.775	Between 1 and 3	Excellent
CFI	0.968	>0.95	Excellent
SRMR	0.042	<0.08	Excellent
RMSEA	0.045	<0.06	Excellent
PClose	0.967	>0.05	Excellent
GFI	0.87	>0.90	
NFI	0.930	>0.90	
RFI	0.925	>0.90	
IFI	0.968	>0.90	
TLI	0.966	>0.90	

Source. Own editing.

4.10 Testing Research Hypotheses

In the process of hypothesis testing, researchers analyze the statistical significance of each structural parameter in the model to confirm the accuracy of the hypothesized path. This allows them to measure the strength and direction of the connections between the variables and determine if the model accurately represents the data. Based on the results presented in Table 22,Table 23, and Table 24, we will now discuss and explore our hypothesis in greater detail:

4.10.1 Hypothesis 1: The relationship between digital marketing orientation and business performance

In this study, we hypothesize that there is a significant positive relationship between digital marketing orientation and business performance based on the reviewed literature presented earlier in this work. We have collected data from a sample of SME employees in Iraq to test this hypothesis.

During hypothesis testing, the statistical significance of this path within the model was assessed to ascertain the credibility of the proposed path. Our results are presented in Table 22 Showed a statistically significant positive impact between digital marketing orientation and business performance ($r = 0.268$, $p = 0.010$). Therefore, this hypothesis was accepted.

The research question connected to this hypothesis was, does a correlation exist between the orientation of digital marketing and the performance of Small and Medium-sized Enterprises

(SMEs) in Iraq? Based on the results of our empirical investigation, our study reveals a notable positive correlation between the orientation of digital marketing and the performance of (SMEs) in the context of Iraq. The finding supports our hypothesis that SMEs with a higher level of digital marketing orientation tend to perform better in achieving their strategic objectives.

Thesis 1: Digital marketing Orientation has a direct positive impact on business performance. The adoption of a Digital Marketing Orientation, encompassing Strategic Emphasis (SE), Digital Intelligence Generation (DIG), and Planning and Resource Provisioning (PRP), has been empirically demonstrated to positively impact business performance within the context of Iraqi Small and Medium Enterprises (SMEs). Supported by statistical evidence, significant enhancements in marketing effectiveness, sales growth, profitability, and market share have been observed. This study confirms the individual and synergistic effectiveness of SE, DIG, and PRP components, underlining their crucial role in driving measurable improvements across various dimensions of business success, specifically within the unique economic and cultural landscape of Iraqi SMEs.

The result is consistent with other studies (Andreou et al., 2020; Garg et al., 2020; Nawaz & Kaldeen, 2020; Djakasaputraa et al., 2021). However, these studies have explored the implementation and adaptation of digital marketing or specific outcomes such as intention to purchase, profitability, and customer retention. Therefore, these results are considered to be important and novel for being tested in the SME context; the SME context has very limited research on the relationship between digital marketing and business performance; the specific relationship between digital marketing orientation and business performance is itself an under-investigated area. While individual components of digital marketing have been studied before, the holistic approach of assessing the overall orientation towards digital marketing and its subsequent impact on business performance offers a fresh perspective. Another distinct aspect of these findings is set within the context of Iraq, a developing country where prior research on digital marketing and its impact on business performance has been scarce.

The significance of this relationship suggests that SMEs that invest in digital marketing practices are more likely to achieve their business goals, such as increasing revenue, improving customer satisfaction, and expanding their market share.

The results of our study on the relationship between digital marketing orientation and business performance in SMEs in Iraq are unique for several reasons. First, the study focuses specifically on SMEs in Iraq, a relatively under-researched context. Little is known about the relationship in a country such as Iraq. Second, this finding contributes to the literature by providing empirical evidence on the positive relationship between digital marketing orientation and business performance in SMEs in Iraq. Third, SMEs in Iraq face numerous challenges in the digital marketing arena, including limited resources, lack of awareness and knowledge, and inadequate infrastructure. Therefore, the findings of our study provide valuable insights into the potential benefits of investing in digital marketing practices for SMEs in Iraq.

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4.10.2 Hypothesis 2: The Relationship Between Service Quality and Business Performance

The relationship between service quality and business performance is a topic of interest among scholars and practitioners, and many studies have been made to investigate this relationship. However, in the context of SMEs in Iraq, there has been rare literature in this specific domain. Building upon this fact, we questioned, is the quality of services offered by Iraqi SMEs linked to their business performance? Based on the literature on service quality and business performance from a variety of domains and being conducted in different sets, we hypothesized that service quality has a direct and positive relationship with business performance in the SMEs in Iraq. The finding supported this hypothesis by a statistically significant estimate of 0.316 with a p-value of 0.001. Therefore, this hypothesis was accepted; look at Table 22.

According to the acceptance of the second hypothesis, our second research question can be answered positively: the higher service quality offered by SMEs in Iraq leads to higher performance they achieve. The significance of this finding lies in the fact that SMEs are a vital component of the Iraqi economy, contributing to employment and economic growth. The results are novel and unique in terms of business sector settings as they are conducted at the SME level in the Iraqi context. These findings also have broader implications for the managers of SMEs in emerging markets, where SMEs often face resource constraints and intense competition, which makes it challenging to achieve sustainable growth.

Thesis 2: There is a positive direct link between service quality and business performance. In the context of Iraqi Small and Medium Enterprises (SMEs), this study establishes a direct and significant correlation between service quality and business performance, as evidenced by key indicators like marketing effectiveness, sales growth, profitability, and market share. Employing Structural Equation Modeling (SEM), the research reveals the critical role of service quality in determining business success within this specific economic and cultural setting. The findings not only offer insights specific to Iraqi SMEs but also contribute to the broader understanding of the dynamics between service quality and business performance in emerging market economies.

The findings of our analysis confirm the findings of previous research (Lakhal, 2009; Zeithaml, 2000; Cheng, 2014; LEE & SEONG, 2020; Chang et al., 2010). However, our findings are unique. This study has been applied to the SME sector, which is a vital sector for economic development, and the results come from unexplored country contexts, especially since the study implemented a structural equation modelling technique.

Improving service quality can enhance the competitiveness of SMEs and increase customer satisfaction, leading to increased revenue and profitability. Moreover, the results of this study demonstrate that service quality should be a critical strategic focus for SMEs in Iraq, as it has a direct impact on their overall performance. The results of this study suggest that enhancing service quality can be a viable strategy for SMEs to improve their performance, even in challenging environments. Thus, SMEs in Iraq and other emerging markets should prioritize service quality and invest in developing customer-centric approaches to achieve sustainable growth. This study's finding of a significant positive relationship between service quality and

business performance in the context of SMEs in Iraq contributes to bridging the gap in the literature on service quality and business performance in the Iraqi context. Moreover, it highlights the importance of service quality as a strategic focus area for SMEs, particularly in emerging markets, where enhancing customer satisfaction can have a significant impact on business performance.

4.10.3 Hypothesis 3: The Relationship Between Digital Marketing Orientation and Competitive Advantage

The hypothesis (H3) posited a direct and positive correlation between the adoption of digital marketing orientation (DMO) and the attainment of competitive advantage (CA) among small and medium-sized enterprises (SMEs) in Iraq. This suggests that the implementation of digital marketing strategies has the potential to enhance the competitiveness of these enterprises. The hypothesis, which is novel within the framework of Iraqi small and medium-sized enterprises (SMEs), was subjected to empirical testing and was found to be supported by the data. This support is demonstrated by a statistically significant moderate positive correlation coefficient of 0.492 and a p-value of 0. 000; look at Table 22. According to this result, hypothesis three is accepted, and the third research question can be answered: digital marketing orientation can enhance the competitive advantage of SMEs in Iraq.

Thesis 3: There is a positive direct relationship between digital marketing orientation and competitive advantage. This investigation delves into the nexus between a Digital Marketing Orientation characterized by Strategic Emphasis, Digital Intelligence Generation, and Planning and Resource Provisioning and its influence on competitive advantage within the business milieu. It methodically scrutinizes the extent to which these fundamental elements of digital marketing orientation are instrumental in fortifying a firm's competitive standing in the marketplace. The analysis provides a nuanced exploration of their pivotal role in bolstering market share and catalyzing organizational growth, thereby underscoring the imperative of integrating a multifaceted digital marketing orientation in the contemporary commercial sphere.

The findings demonstrate an unexplored opportunity for enhancing competitive advantage within Iraq's small and medium-sized enterprise (SME) sector. Specifically, the study highlights the significance of employing digital marketing strategies to enhance competitiveness in an evolving business environment that is increasingly reliant on digitalization. The result comes in line with the other studies (Talaja et al., 2017; Afsharghasemi et al., 2013; Herman et al., 2018), but this relationship had not been the subject of empirical tests in Iraq generally and in the Iraqi SMEs specifically. Therefore, this result is of importance; the novelty of these findings comes from the industry sector that the hypothesis was tested in and is being tested in a totally new cultural context, which can serve as a case of a developing country. Besides that, is the methodological approach that has been applied to test this relationship.

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4.10.4 Hypothesis 4: The Relationship Between Service Quality And Competitive Advantage

Service quality has been measured through the SERVQUAL model, which means that it was measured through five subconstructs, while competitive advantage was measured collectively through five indicators, each indicator representing an advantage. The Structural Equation Modeling (SEM) results, as presented in Table 6-2, are being referenced. The table presents the values of estimates 0.436 and p-value 0.000 for the direct effect between service quality and competitive advantage; based on the statistical analysis, the hypothesis was accepted.

Thesis 4: There is a positive direct relationship between Service quality and competitive advantage. The relationship between service quality and competitive advantage is explored within the unique context of Small and Medium Enterprises (SMEs) in Iraq. The research focuses on determining how enhanced service quality contributes to the competitive positioning of these SMEs in the Iraqi market. A detailed analytical approach is employed to unravel the specific ways in which service quality acts as a crucial driver of competitive differentiation in this regional business landscape.

Hence, the results revealed that service quality has a positive and significant effect on competitive advantage. Statistically, this result suggests that an increase of one unit in service quality will lead to an increase of 0.436; the p-value of 0.000 indicates that the observed effect of the service quality variable on the competitive advantage is highly statistically significant.

In the burgeoning field of Iraqi Small and Medium-sized Enterprises (SMEs) studies, this research introduces a groundbreaking perspective by establishing a quantifiable link between service quality and competitive advantage. Prior studies have often focused on factors such as total quality management practices (Ukab, 2021) or Service quality dimensions in a specific industry sector within a specific region in the country, which remain limited, such as those (Rashid et al., 2019), without a nuanced understanding of how service quality could act as a lever for gaining a competitive advantage. This study focuses on the entire SME sector with a country-range demographics scope. Our findings not only fill this gap but also offer an empirical framework that can be utilized by scholars and practitioners alike for future investigations and strategic planning. The implications of this research are manifold, providing theoretical contributions to the literature and pragmatic guidelines for business operators in Iraq's complex economic landscape. By advancing our comprehension of these intricate dynamics, this thesis contributes a new layer of sophistication to the extant body of knowledge and invites further scholarly exploration.

4.10.5 Hypothesis 5: Competitive Advantage Has A Direct Positive Impact On Business Performance.

In the structural equation modelling analysis in AMOS, the estimated coefficients and their associated p-values suggest significant relationships between competitive advantage and business performance. The path from the mediator variable to the dependent variable presents an estimate of 0.339 with a p-value of 0.000, indicating that for a one-unit increase in the competitive advantage is expected to increase by 0.339 units in business performance, controlling for

other variables. This relationship is also statistically significant, making it highly unlikely that such an effect would occur by chance under the null hypothesis.

Thesis 5: competitive advantage has a direct positive impact on Business. This study rigorously assesses the direct and positive impact of competitive advantage on the performance of Iraqi Small and Medium Enterprises (SMEs). It zeroes in on how strategic digital marketing, encompassing elements like Strategic Emphasis, Digital Intelligence Generation, and Planning and Resource Provisioning, crucially drives business success. Focusing on measurable outcomes such as marketing effectiveness, sales growth, profitability, and market share, the research highlights the vital role of competitive advantage in propelling the growth and resilience of SMEs in Iraq's dynamic business landscape.

Considering the extant literature, the present analysis unveils a pioneering result, particularly within the Iraqi Small and Medium-sized Enterprises (SMEs) framework. Utilizing Structural Equation Modelling via AMOS, this research quantitatively substantiates a direct, positive correlation between competitive advantage and business performance. With an estimated coefficient of 0.339, statistically significant at a p-value of 0.000 see table 6-2, the finding addresses an essential lacuna in the existing scholarly discourse. It transcends theoretical advancements, offering empirically grounded, actionable insights tailored to the unique economic difficulties SMEs face in Iraq.

Table 22

Hypothesis Testing, Direct Effect

Hypothesis	Path	Estimate	P value	Remarks
H1	DMO→BP	0.268	0.010	*Supported*
H2	SQ→ BP	0.316	0.001	*Supported*
H3	DMO→CA	0.492	0.000	*Supported*
H4	SQ→CA	0.436	0.000	*Supported*
H5	CA→BP	0.339	0.000	*Supported*

Source. Own editing.

4.10.6 Hypothesis 6: The Mediation Effect of Competitive Advantage Between Digital Marketing Orientation And Business Performance

The hypothesis (DMO → CA → BP) examines the mediation effect of competitive advantage on the relationship between digital marketing orientation and business performance. The total effect of digital marketing orientation on business performance, inclusive of both the direct and indirect effects, is 0.435 and is statistically significant with a p-value of 0.005. This suggests a pervasive and impactful association between digital marketing orientation and business performance. When the mediator, competitive advantage, is accounted for, the direct effect of digital marketing orientation on business performance is 0.268, which remains statistically significant ($p = 0.031$). Additionally, there is a significant indirect effect of DMO on BP through CA, estimated to be 0.167 ($p = 0.001$). This suggests that each unit increase in DMO leads to an

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increase of 0.167 units in BP via CA. The bootstrapped 95% confidence interval for the indirect effect does not contain zero (0.077 to 0.284), providing further support for the mediation effect, and based on these facts, this hypothesis was accepted, details are presented in Table 23.

Thesis 6: The relationship between Digital marketing orientation and business performance is mediated by competitive advantage. The study delves into the mediating role of competitive advantage in the relationship between Digital Marketing Orientation and business performance in Iraqi Small and Medium Enterprises (SMEs). It examines how the implementation of digital marketing orientation incorporating strategic emphasis, digital intelligence generation, and planning and resource provision indirectly boosts business performance by fostering a competitive advantage. This exploration underscores the critical link between strategic digital marketing and enhanced business outcomes, such as increased sales, profitability, marketing effectiveness, and market share, highlighting the complex interdependencies crucial for business growth and success in the Iraqi SME landscape.

These results indicate partial mediation, whereby the relationship between digital marketing orientation and business performance is partly explained by competitive advantage. This research provides a distinct contribution to academic literature, both in terms of geography and methodology. By investigating the context of Iraqi Small and Medium-sized Enterprises (SMEs), this study addresses a crucial gap in our comprehension of how Digital marketing orientation and business performance are linked via the mediation effect of competitive advantage, especially within a specific and mostly unexplored regional environment. Furthermore, this innovative study's examination of a unique combination of variables extends beyond conventional analyses. Hence, these discoveries enhance the current knowledge base and present new research opportunities.

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Table 23

Hypothesis Testing, Mediation Analysis for Competitive Advantage Between Digital Marketing Orientation And Business Performance

Total Effects (DMO → BP)		Direct effect (DMO→Bp)	
Coefficient	P-Value	Coefficient	P-Value
0.435	0.005	0.268	0.031

Indirect Effect (DMO→Bp)

Hypothesis	Coefficient	SE	P-value	Percentile bootstrap 95% confidence interval	
				Lower	Upper
H6: DMO→CA→BP*	0.167	0.053	0.001	0.077	0.284

Source. Own editing. * H6 Supported.

4.10.7 Hypothesis 7: The Mediation Effect of Competitive Advantage Between Service Quality and Business Performance.

Hypothesis H7 (SQ → CA → BP) investigates the mediating role of competitive advantage in the relationship between service quality and business performance. The total effect of service quality on business performance is measured at 0.464 and is statistically significant with a p-value of 0.001, denoting a strong relationship between SQ and BP. Controlling for the mediator, competitive advantage, the direct effect of service quality on business performance remains statistically significant at 0.316 (p = 0.023). Furthermore, there is a significant indirect effect of service quality on business performance through competitive advantage, with an estimate of 0.148 (p = 0.002). This suggests that for every unit increase in service quality, business performance increases by 0.148 units via the mediator CA; look at Table 24 . The bootstrapped 95% confidence interval for the indirect effect does not encompass zero (0.040 to 0.319), further affirming the significance of the mediating effect. These results suggest partial mediation, indicating that competitive advantage partly explains the relationship between service quality and business performance.

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Thesis 7: The relationship between Service quality and business performance is mediated by competitive advantage. In this investigation, the nuanced role of competitive advantage as a mediator between Service Quality and overall Business Performance is scrutinized within the Iraqi Small and Medium Enterprise sector. The study probes how the elevation of Service Quality indirectly propels Business Performance by engendering a competitive edge. Emphasizing the symbiotic relationship between high-caliber service and enhanced business metrics, including profitability, market share, and sales growth, the thesis sheds light on the sophisticated interplay essential for cultivating business efficacy and success in Iraq's SME context

This thesis presents a fresh perspective on how service quality and business performance interact by examining the mediating role of competitive advantage. While most previous research has primarily focused on the direct impact of service quality on business performance, this study introduces a novel analytical layer by highlighting the importance of competitive advantage as a significant mediator. This research provides quantitative evidence to support this mediation effect through rigorous statistical analysis, enhancing our current theoretical frameworks. By concentrating on Iraqi Small and Medium-sized Enterprises (SMEs), this study also fills a crucial gap in existing research, contributing a unique geographical dimension. As a result, this thesis advances our comprehension of the complex mechanisms that drive business performance and lays the groundwork for future empirical investigations to explore this multifaceted relationship further.

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Table 24

Hypothesis Testing, Mediation Analysis for Competitive Advantage Between Service Quality and Business Performance

Total Effects (SQ → BP)		Direct effect (SQ→Bp)	
Coefficient	P-Value	Coefficient	P-Value
0.464	0.001	0.316	0.023

Indirect Effect (SQ→Bp)

Hypothesis	Coefficient	SE	P-value	Percentile bootstrap 95% confidence interval	
				Lower	Upper
H7: SQ→CA→BP*	0.148	0.073	0.002	0.040	0.319

Source. Author, * H7 Supported.

4.11 The Structural Model

Figure 5, represents the graphics output of the structural equation modeling test; it highlights the standardized factor loading and path coefficient in graphical representation. This diagram represents the generated model after purification and removing the non-suitable items from each construct in the previous procedures. The diagram shows the relationship between the main independent variables, digital marketing orientation, service quality, the mediator variable, competitive advantage, and the dependent variable, business performance. The figure shows all the sub-variables and the items that were considered to be valid and reliable through the previous steps.

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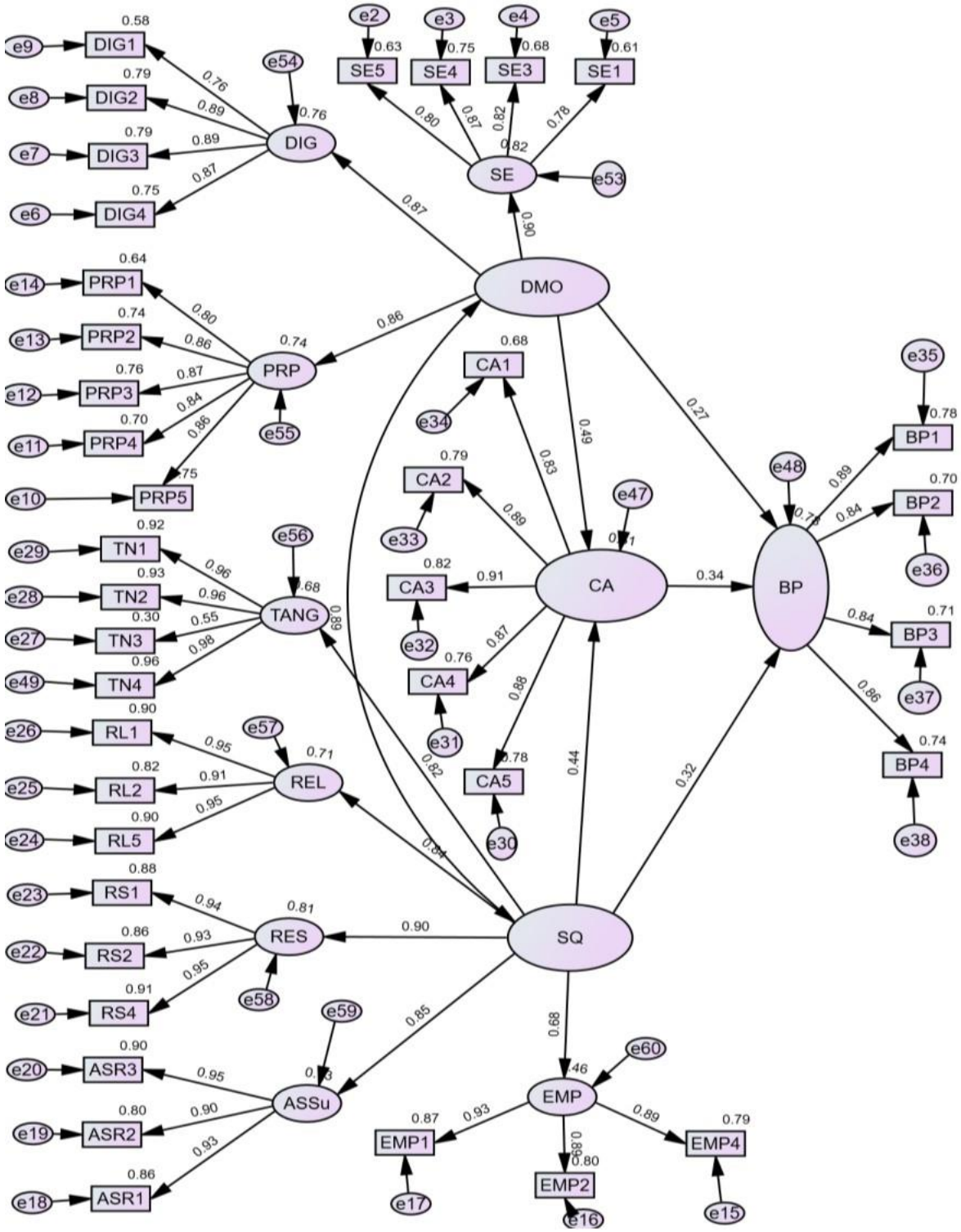
Figure 5: The Generated Model's Variables and Relationship



Source. Own Editing.

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Chapter 5: Findings, Conclusions, and Recommendations

5.1 Introduction

In this chapter we will present the main findings of the thesis beside the novelty that this work brings to the scientific community.in addition we will present the main conclusion of this work. furthermore, short description to the main limitation faced this thesis work and few points of recommendation will be introduced to practitioner and policy makers.

5.2 Overall Discussion of Findings

This research embarked on a quest to delineate the relationships among digital marketing orientation (DMO), service quality (SQ), competitive advantage (CA), and business performance (BP) within the purview of Small and Medium-sized Enterprises (SMEs) in Iraq. The dearth of knowledge concerning these relationships was evident through an extensive literature review, particularly focusing on the mediatory role of competitive advantage. Addressing this knowledge gap necessitated the proposition of a theoretical model that embraced seven hypotheses, subsequently examined employing Structural Equation Modeling (SEM).

The first hypothesis investigated the direct positive impact of digital marketing orientation on business performance in Iraqi SMEs. Empirical evidence confirmed the existence of this relationship, with the analysis revealing a statistically significant correlation coefficient of 0.268 ($p = 0.010$) between these variables. This discovery aligns with antecedent research (Andreou et al., 2020; Garg et al., 2020; Nawaz & Kaldeen, 2020; Djakasaputraa et al., 2021), thereby fortifying the salient role of digital marketing in enhancing business performance. Further, it furnishes unique insights explicitly tailored to the Iraqi SMEs context, where significant challenges due to resource constraints and infrastructural deficits are rampant.

The second hypothesis probed the direct, positive association between service quality and business performance. The statistical data (an estimate of 0.316 with $p = 0.001$) inferred a robust positive correlation between service quality and business performance in Iraqi SMEs. This underscores the strategic value of enhancements in service quality for SMEs in emerging markets, lending credence to prior research findings (Lakhal, 2009; Zeithaml, 2000; Cheng, 2014; LEE & SEONG, 2020; Chang et al., 2010).

The third hypothesis postulated a direct and positive relationship between digital marketing orientation and competitive advantage. This correlation was validated, showcasing a moderate positive correlation of 0.492 and a statistically significant p-value of 0.000. This endorses the role of digital marketing orientation in bolstering competitive advantage, especially in the digital landscape where SMEs operate.

The fourth hypothesis anticipated a direct and positive relationship between service quality (measured via the SERVQUAL model) and competitive advantage. The SEM results verified this relationship, with a noteworthy estimate of 0.436 and a p-value of 0.000. This infers that SMEs can markedly boost their competitive advantage through enhancements in service quality, reinforcing the association between these two constructs in extant literature.

The validation of these hypotheses immensely contributes to the body of knowledge by providing empirical evidence of these relationships within the Iraqi SMEs context—an area relatively under-researched. Concurrently, this study offers crucial practical insights for SMEs in emerging markets, emphasizing the crucial roles of digital marketing orientation and service quality in nurturing competitive advantage, and enhancing business performance.

The fifth hypothesis investigated the direct, positive relationship between competitive advantage and business performance among SMEs in Iraq. The statistical analysis supplied strong support for this proposition, demonstrating an estimate of 0.339 and a p-value of 0.000. This result signifies that for each unit increase in competitive advantage, business performance is expected to improve by 0.339 units. The statistical significance of this relationship implies a minuscule probability that this effect could occur by chance under the null hypothesis. This outcome is in alignment with the broader strategic management literature, highlighting the pivotal role of competitive advantage in augmenting business performance. It underscores the strategic necessity for SMEs, particularly those operating in challenging environments like Iraq, to develop and maintain competitive advantages.

The sixth hypothesis conjectured a mediating role of competitive advantage in the relationship between digital marketing orientation and business performance. The results disclosed a significant total effect of digital marketing orientation on business performance (0.435, p-value = 0.005). However, with competitive advantage considered as a mediator, the direct effect of digital marketing orientation on business performance stood at 0.268 (p-value = 0.031), while the significant indirect effect was estimated at 0.167 (p-value = 0.001). This exhibits that competitive advantage partially elucidates the relationship between digital marketing orientation and business performance, suggesting a partial mediation effect. This discovery emphasizes the strategic importance of digital marketing orientation for SMEs striving to improve their business performance, especially when fused with a focus on competitive advantages. This study's findings also bolster the notion of competitive advantage as a strategic lever to magnify the impact of digital marketing strategies on business performance.

The seventh and final hypothesis explored the mediating role of competitive advantage in the relationship between service quality and business performance. The results demonstrated a significant total effect of service quality on business performance (0.464, p-value = 0.001). However, controlling for competitive advantage, the direct effect of service quality on business performance was 0.316 (p-value = 0.023), with a significant indirect effect through competitive advantage estimated at 0.148 (p-value = 0.002). This suggests a partial mediation, indicating that competitive advantage partially elucidates the relationship between service quality and business performance. These findings illuminate the importance of competitive advantage as a mediator in the relationship between service quality and business performance, emphasizing the strategic role of service quality in shaping business performance, especially when paired with the development of competitive advantages.

In summation, this research's findings offer a comprehensive understanding of the relationships among digital marketing orientation, service quality, competitive advantage, and business performance within the SMEs context in Iraq. The validation of the proposed hypotheses significantly enriches the existing body of knowledge, particularly in the context of a less researched

region. The conclusions drawn from this study hold paramount implications for practitioners, implying that a focus on digital marketing orientation, improvements in service quality, and the cultivation of competitive advantages can pave the way to enhanced business performance for SMEs operating in challenging markets like Iraq.

This research stands out due to its novel amalgamation of four pivotal variables, digital marketing orientation, service quality, competitive advantage, and business performance in one comprehensive model. Previous studies have investigated these elements individually or in more limited combinations, making the present research unique in its simultaneous consideration of all these variables. Furthermore, the use of Structural Equation Modeling, a rigorous, multivariate statistical analysis technique enhances the robustness of the study, providing a more sophisticated examination of the relationships among the variables. Moreover, this research offers fresh insights by exploring these relationships within the specific context of SMEs in Iraq, a sector and region that have been relatively under-explored in the extant literature. Therefore, these findings offer not only a novel contribution to academic research but also valuable practical implications for Iraqi SMEs and potentially for SMEs in similar emerging markets. The amalgamation of these distinguishing factors culminates in a distinctive and significant contribution to both the theoretical and empirical literature in the field of digital marketing, service quality, competitive advantage, and business performance.

5.3 Limitations Of the Study and Future Research

The present study, although having significant value, is not exempt from limitations. It is imperative to consider these constraints, which are outside of our control. One limitation concerns the size and composition of our sample. The study is based on a sample of 379 participants selected from the larger Small and Medium-sized Enterprises (SMEs) industry in Iraq. Due to the substantial scale and heterogeneous composition of this industry, it is possible that our sample size may not provide a comprehensive representation of all small and medium-sized enterprises (SMEs) in Iraq. The circumstance presents a difficulty in terms of the applicability of our results.

Another significant limitation pertains to geographical factors. The study's sample was derived solely from Iraq, excluding the Kurdistan region. Consequently, the outcomes of our study may not accurately represent the circumstances and viewpoints of small and medium-sized enterprises (SMEs) operating in the Kurdistan region. The presence of this geographical constraint consequently restricts the scope of our findings. In the literature, we have encountered a dearth of accessible resources pertaining to the small and medium-sized enterprises (SMEs) sector in Iraq, particularly in relation to our selected subject matter. The limited amount of existing research and literature has posed difficulties in terms of comparing our findings or building upon prior studies, potentially impacting the overall comprehensiveness of our research.

The limitations of our study include the reliance on subjective performance indicators and the challenges associated with obtaining objective financial performance data for the small and medium-sized enterprises (SMEs) included in our survey. The implementation of this decision has the potential to introduce biases and may impact the overall strength and reliability of our research findings.

Finally, our research encountered the obstacle of restricted data accessibility regarding the small and medium-sized enterprise (SME) industry in Iraq. The imposition of this constraint may have implications for the comprehensiveness of our research and its capacity to provide an accurate portrayal of the present state of small and medium enterprises (SMEs) within the nation. Notwithstanding these constraints, our research provides significant perspectives and contributes valuable insights to the scholarly dialogue pertaining to the small and medium-sized enterprise (SME) sector in Iraq. Subsequent investigations may endeavor to surmount these constraints and advance our comprehension of this pivotal domain.

To expand our comprehension of Iraqi SMEs sector, future research Researchers should aim to address the limitations identified in the present study. This entails engaging a larger and more diverse sample, ensuring a broader representation of Iraqi SMEs. It is also important to expand the geographical focus to include regions like Kurdistan, thus providing a more comprehensive overview of the situation across the entire country. Given the sparse existing literature on Iraq's SME sector, there is an urgent need for more scholarly work exploring novel areas such as the impact of government policies and socio-economic factors on SMEs. To improve the reliability of research findings, it is imperative to employ objective performance indicators, such as revenues or return on investments, rather than relying solely on subjective measures.

Furthermore, Efforts should be focused on addressing the issue of restricted data accessibility. Potential strategies may involve forming collaborations with local industry organizations and governmental agencies, as well as leveraging digital data sources. Additionally, the implementation of a longitudinal research design has the potential to provide significant contributions by elucidating temporal patterns and variations, thereby enhancing our comprehension of the dynamics within SME sector. Conducting comparative analyses with countries that share similar economic conditions can yield valuable insights into best practices and contribute to the development of effective policies, thereby enhancing the discourse surrounding Iraq's small and medium-sized enterprise (SME) sector.

5.4 Research Contribution

5.4.1 Theoretical Contribution

This research advances the Resource-Based View (RBV) theory by identifying digital marketing orientation as a crucial strategic resource. Traditionally, RBV has focused on assets like capital, human resources, and brand equity. This study extends the theory by empirically validating digital marketing orientation as a key contributor to business performance, enriching the existing taxonomy of strategic resources. Additionally, this research explores the RBV framework within the context of small and medium-sized enterprises (SMEs) in Iraq, an emerging market. By addressing the limited generalizability of RBV, it demonstrates that businesses in resource-constrained environments, such as Iraq, can effectively leverage digital marketing to gain a competitive edge. This extends the applicability of RBV and enhances our understanding of its operationalization across various economic conditions.

Moreover, the study contributes significantly to customer-centric theories by empirically validating the direct impact of service quality on business performance and competitive advantage.

Unlike prior research, which has often been more descriptive, this study provides statistical evidence that strengthens the theoretical foundation of customer-centric business models. The relationship between service quality and business performance highlights the importance of customer orientation as a strategic element. The research also reveals that competitive advantage mediates the relationship between service quality and business performance, indicating that the path from a customer-centric approach to business success is influenced by the firm's strategic positioning. This integrative approach combines the Resource-Based View with customer-centric theories, offering a comprehensive framework for understanding the determinants of business performance and encouraging further academic exploration.

5.4.2 Practical Contribution

This research provides a practical blueprint for SMEs to develop their digital marketing strategies, particularly useful in resource-limited settings like Iraq. It offers a step-by-step guide for businesses to prioritize effective digital marketing avenues. The study also emphasizes the critical role of service quality in business success, suggesting the creation of a practical checklist or assessment tool based on the SERVQUAL framework. This tool can be regularly used by customer service departments to ensure they meet or exceed customer expectations. Additionally, the identification of competitive advantage as a mediating factor between digital marketing orientation, service quality, and business performance can be translated into a decision-making matrix for business leaders. This matrix would assist in resource allocation for a balanced and effective strategy, especially in fluctuating market environments.

For policymakers and industry stakeholders, the study offers several actionable recommendations. Government agencies could establish subsidized training programs in digital marketing and customer service, complete with detailed timelines, budgets, and expected outcomes. Public-private partnerships aimed at improving digital infrastructure could be developed based on these insights. The study's findings also provide a basis for creating financial models or business cases to quantify the impact of digital marketing and service quality initiatives on business performance. These financial models could help SMEs predict returns on investment, securing necessary funding and stakeholder support. Overall, this research provides practical tools and strategies that can be used by SMEs, policymakers, and industry stakeholders to enhance competitiveness and stimulate economic growth.

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New Scientific Results

Reflecting on the findings derived from the Structural Equation Modeling (SEM) testing of the hypotheses, this research offers several robust and unique scientific contributions, particularly within the context of SMEs in Iraq. This research presents a comprehensive framework linking digital marketing orientation, service quality, competitive advantage, and business performance. Through its focus on the SME sector in Iraq, a novel setting for such research, it offers unique insights that extend our understanding of these constructs and their interrelationships. Furthermore, the application of SEM in testing these relationships provides a more nuanced understanding of their dynamics. Hence, the study makes substantial contributions to the literature, expanding the boundaries of knowledge within these interconnected domains.

1. Empirical Validation of Digital Marketing Orientation's Impact on Business Performance in Iraqi SMEs. This research serves as a cornerstone by not only corroborating but also significantly extending the extant literature. It empirically substantiates a robust, direct, and positive influence of digital marketing orientation on business performance. This finding accentuates the strategic imperative for SMEs to adopt digital marketing initiatives as a quintessential tool for securing a competitive advantage. Additionally, digital marketing orientation was found to have an influential effect in shaping the positive business performance of SMEs. This practice serves as a guarantor of business performance superiority and gives SMEs a compelling reason to sustain an elevated level of performance. The significant level of digital marketing orientation prevalent among SMEs in Iraq lays the foundation for this enhanced business performance.

2. Service Quality as a Fundamental Driver of Business Performance in Iraqi SMEs: This research provides a groundbreaking contribution by empirically confirming a direct and positive relationship between service quality and business performance within the unique context of Iraqi SMEs. The findings validate the hypothesis that service quality serves as a significant driver for enhancing business performance, even in challenging business environments. This elucidates the cross-cultural and universal relevance of service quality as a critical competitive differentiator, underscoring the need for ongoing investment in superior service delivery regardless of market conditions.

3. Digital Marketing Orientation as a Catalyst for Competitive Advantage in SMEs: This research offers a pivotal contribution to the academic discourse by empirically establishing a moderate, yet statistically significant, positive correlation between digital marketing orientation and competitive advantage. Situated within the dynamic framework of a globalized, digitized market, this finding acts as a strategic cornerstone for SMEs. It highlights the imperative of embracing digital marketing orientation not merely as an operational choice but as a strategic asset essential for achieving a sustainable competitive advantage.

4. Contextualizing Service Quality and Competitive Advantage in Iraqi SMEs: Our study brings a fresh, empirical lens to the traditionally understood nexus between service quality and competitive advantage, offering unprecedented insights specific to the SME sector in Iraq. This research not only corroborates the generalizability of existing

theories but also adds a novel, robust layer of contextual relevance. In doing so, it enriches the academic discourse, transforming the way service quality is conceptualized as a strategic asset for achieving competitive advantage in challenging market landscapes.

5. Competitive Advantage as a Catalyst for Business Performance: This research identifies a robust, statistically significant relationship between competitive advantage and business performance, particularly within the context of Iraqi SMEs. This seminal finding emphasizes the pivotal role that unique capabilities and resources play in enhancing business performance in emerging economies.

6. Unveiling the Mediating Role of Competitive Advantage in Iraqi SMEs: A particularly salient contribution of this research is the elucidation of the mediating role of competitive advantage in the relationships between digital marketing orientation and business performance, as well as between service quality and business performance. This nuanced insight reveals the synergistic effects of these constructs, offering a multi-faceted understanding of their impact on business performance. The study's findings are particularly relevant for SMEs in Iraq, providing them with actionable insights to optimize their competitive strategies.

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Summary

This doctoral research endeavors to explore improving business performance of SMEs through Digital Marketing Orientation (DMO) and Service Quality (SQ) with the mediation effects of competitive advantage within Small and Medium-sized Enterprises (SMEs) operating in Iraq. A comprehensive review of extant literature revealed a dearth of studies investigating these constructs in the context of developing economies, particularly Iraq. This lacuna in research underscores the academic and practical significance of the present inquiry.

Drawing on two theories, the Resource-Based View (RBV) and Market Orientation Theory, the study offers a substantive contribution to academic discourse. Additionally, the empirical insights gleaned hold consequential managerial implications, especially within the socio-economic milieu of Iraq.

The SME sector in Iraq was selected for this study for multiple reasons. Firstly, the extant literature exhibited a noticeable absence of such inquiries in this specific domain. Secondly, the sector's dynamic characteristics and its pivotal role in contributing to the national GDP further justified its selection. The study also introduced an integrative model combining these variables, thereby contributing a novel element to the research. Another innovative aspect was the investigation into the "black-box" phenomenon by elucidating the mechanisms through which the predictor variables (DMO and SQ) exert influence on the outcome variable (business performance) via the mediating role of competitive advantage.

Seven hypotheses were formulated based on a rigorous review of related literature. To empirically validate these hypotheses, a quantitative methodology was employed. Primary data was garnered through a hybrid survey, utilizing both print and digital formats facilitated by Google Forms. Distributed across multiple sectors and geographies, a total of 379 valid responses were obtained for subsequent analysis. Data analysis was conducted in a structured manner involving multiple statistical procedures. Descriptive statistics were initially employed to encapsulate the demographic features of the sample, followed by Pearson correlation coefficient analysis to establish inter-variable relationships. Factor reduction was executed via Exploratory Factor Analysis (EFA), while Confirmatory Factor Analysis (CFA) was utilized to refine the research instruments through assessing their reliability and validity. Structural Equation Modeling (SEM) was the final analytical step employed to scrutinize the study's hypotheses.

The empirical findings, detailed in Chapter Five, confirm the significant impact of both DMO and SQ on business performance. Additionally, it was empirically substantiated that these predictors strongly correlate with competitive advantage, which in turn positively influences business performance among SME employees. Furthermore, the study revealed that competitive advantage serves as a partial mediator in the relationship between DMO and SQ with business performance.

In conclusion, the current dissertation augments existing literature and offers robust theoretical and practical implications. It concludes with a presentation of novel empirical findings that contribute significantly to academic discourse and managerial practices within the context of Iraq's SME sector.

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Appendix 1

Publications list

1. Al Laheebi, G., & Molnár, L. (2023). Assessment of Bank Services Excellence in Iraq: A Comprehensive Investigation Employing the SERVQUAL Model. *Theory Methodology Practice: Club of Economics in Miskolc, 19*(1), 3-14. https://doi.org/10.18096/TMP.2023.01.01
2. Al Laheebi, G. (2022). The Blockchain Technology and the Future of Marketing: Prospects and Challenges. *Hantos Periodical, 3*(1), 4-13.
3. Al Laheebi, G. A. J. (2022). Continuous Intention to Use Mobile Banking Apps: Empirical Study in Iraq. *Theory Methodology Practice: Club of Economics in Miskolc, 18*(01), 61-74. https://doi.org/ 10.18096/TMP.2022.01.05
4. Al-Leheebi, G. A. J. (2022). A Review of Technology Adoption Models in SMEs Digital Marketing. In P. Szűcs (Ed.), *PhD Students Forum of Miskolc, November 19, 2020*. University of Miskolc Rector's Office. (pp. 30-37).
5. Al Laheebi, G. (2021). Application of Social Marketing in Circular Economy. *Intercathedra, 49*(4), 183-188.
6. Al-Laheebi, G., & Mundher, A. S. (2020). Assessment of Digital Competence of Employees and Teaching Staff at the Technical College of Management – Kufa. *International Journal of Innovation Creativity and Change, 12*(12), 1027-1043.
7. Ghayth, A. J. (2020). Application of the 4Cs Marketing Mix in the Digital Environment. *International Journal of Psychosocial Rehabilitation, 24*(10), 2113-2122.
8. Ghayth, A. J. (2020). The Role of Knowledge Management in Creating Competitive Advantage in Small and Medium-size Enterprises in the Republic of Iraq. *Theory Methodology Practice: Club of Economics in Miskolc, 16*(2), 17-25. DOI:10.18096/TMP.2020.02.02

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Appendix 2

Survey Questionnaire

Improving Business Performance of SMEs Through Digital Marketing Orientation and Service Quality with The Mediation Effects of Competitive Advantage: Evidence from Iraq

Greetings!

As a doctoral student at the University of Miskolc's Faculty of Economics, Marketing, and Tourism Institute, I am currently conducting research for my PhD. My focus is on how SMEs can improve their business performance through digital marketing orientation and service quality, with a study on the mediation effects of competitive advantage in Iraq. I kindly request that you take 15 minutes to participate in this research study, though participation is voluntary. Please note that all information provided in the survey will be kept confidential and used solely for academic purposes. Thank you for your time and participation.

Section A: Personal Information

Gender: Male ☐ Female ☐

Age: ☐

Education

High school ☐ Diploma ☐ Bachelor ☐ Master ☐ Ph.D. ☐

Company size in terms of number of employees

1 to 9 ☐ 10 to 49 ☐ 50-249 ☐ 249 and more ☐

Section B: Digital Marketing Orientation

Statement	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
In our company, we believe it is strategically necessary to use digital marketing in our business.					
In our company, we tell employees that business success depends on using the advanced capabilities provided by digital marketing.					
In our company, we encourage the development of new ideas and initiatives for the use of the Internet and other					

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digital technologies in marketing activities.					
We feel that our company should take advantage of the opportunities provided by digital marketing and maximize the application of the Internet and other digital technologies in our business.					
We cannot imagine the business of our company without the use of the Internet and other digital technologies in marketing activities.					
We have clearly defined parameters (metrics) for measuring the performance of our website.					
We know what visitors are doing on our website.					
We know how many visitors to our website become our customers.					
We know what percentage of visitors came to our website through various online channels.					
Our company has a digital marketing plan with clearly defined activities, responsible executors, and a budget for each activity.					
Our digital marketing plan is an integral part of our marketing plan and is created following the set goals within the marketing plan.					
We hold several meetings throughout the year to prepare a digital marketing plan.					
Our company has adequate technical support for the implementation of digital marketing activities.					
In our company, people with knowledge in the field of digital marketing are responsible for the implementation of digital marketing.					

Section C: Service quality

Statement	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
In our enterprise, we have up-to-date equipment.					

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Our physical facilities are visually appealing.					
Our employees are well-dressed and appear neat.					
The appearance of the physical facilities of our company is aligned with the type of services provided.					
When our firm promises to do something by a certain time, we do so.					
When customers have problems, our firm is sympathetic and reassuring.					
Our firm is dependable.					
We keep our records accurately.					
We are expected to tell customers exactly when services will be performed.					
It is realistic for customers to expect prompt service from employees of our firm.					
Our employees don't always have to be willing to help customers.					
It isn't okay if we are too busy to respond to customer requests promptly.					
Customers should be able to trust employees of our firm.					
Customers should be able to feel safe in their transactions with our firm's employees.					
Our employees are polite.					
The employees should get adequate support from the firm to do their jobs well.					
Employees of our firm can be expected to give customers personal attention.					
It is realistic to expect employees to know what the needs of our customers are.					
It is realistic to expect our firm to have their customers' best interests at heart.					
We are expected to have operating hours convenient to all our customers.					

Section D: Competitive advantage Questions

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Statement	Strongly Disagree (1)	Disa-gree (2)	Neu-tral (3)	Agree (4)	Strongly Agree (5)
We contrast with our competitors because we are among the cheapest in the market.					
We contrast with our competitors because of the uniqueness of our products.					
We can persist in the market be-cause we focus on the specific needs of market segments.					
The quality of our products is key to gaining competitive advantages.					
Our customers view us as an inno-vative company that tends to be the first to introduce new products into the market.					

Section E: Business performance

Compared to other rival firms in your industry, how would you evaluate your firm's performance over the past 3 years in terms of:						
NO	Item	Much worse	worse	neutral	better	Much better
Q1	marketing					
Q2	growth in sales					
Q3	profitability					
Q4	market share					