

Modeling of Marketing Dynamic Capabilities to Increase the Competitive Advantage to the Oil Corporation in Iraq

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Abstract

This study examines the modelling of marketing dynamic capacities to improve competitive advantage in Iraq's oil companies. In a swiftly changing digital market, firms have considerable obstacles in attaining sustainable competitive advantage (SCA). This research underscores the need to cultivate dynamic capabilities (D.C.) that empower organizations to adjust to market fluctuations and consumer demands. The study identifies essential marketing dynamic capabilities (DMC) characteristics, encompassing customer relationship management, innovative selling tactics, dynamic pricing, strategic marketing management, and brand management. The results indicate a substantial correlation between DMC and competitive advantage, underscoring the imperative for Iraqi oil businesses to utilize these capabilities to succeed in volatile market environments.

Keywords: *Marketing, Dynamic Capabilities, Competitive Advantage, Oil Corporation, Iraq.*

Introduction

Today, all businesses confront the challenges of the digital economy, where technology enables people to sell, market, and purchase good and/or services online. Due to the rise of digital commerce, customer expectations have changed, and each company encounters unique challenges in attaining a Sustainable Competitive Advantage (SCA). These challenges can be on account of the current business landscape, characterized by globalization, intangibility, and interconnectivity (HERIYANTO ET AL.,2021). In fact, due to the global financial crisis, resource scarcity, climate change, and other global issues, organizations are increasingly finding it challenging to attain and maintain a competitive edge, resulting in temporary advantages (Ferreira et al.,2018). These temporary advantages can be encashed for achieving a competitive advantage, which is often seen as the "Holy Grail" of strategic management research. Therefore, Teece (2012) emphasized that companies can preserve and enhance their competitive advantage by developing dynamic capabilities (D.C.) that complement their existing skills. Organizations must develop, enhance, or refresh their capabilities and processes from time to time to adapt to the changing situations around them. The dynamic capabilities framework provides a modern understanding of achieving and maintaining competitive advantage in rapidly changing markets (Teece et al., 1997).

Dynamic capabilities pertain to organizational processes, which capture a firm's ability to coordinate internal and external competencies to address rapidly changing environments. It refers to the ability of the business to integrate, build, and reconfigure skills such as leadership, strategic planning, marketing campaigns, financial positioning, etc. to maintain and improve their place in the market. It allows companies to move in the competitive landscape and develop value-creating strategies for both local and international markets (Eisenhardt & Martin, 2000). In order to leverage the dynamic capabilities, businesses and organizations need to consistently evaluate customer needs, technological advancements, rival pricing and market demand, and quickly respond to opportunities and threats. In terms of marketing, this capability allows organizations to respond to pertinent changes in the market better, accurately react to customers' needs

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and develop more tactical strategies for an edge over competitors. The benefits extend to enhanced innovation, better decision making, and sustained growth.

Over the past twenty years, researchers have progressed the theoretical framework around how various forms of marketing assist firms in obtaining and sustaining a competitive edge (Kozlenkova et al., 2013). Marketing capabilities and resources are essential for identifying customer preferences, distribution networks, and competition products. Market insights serve as a competitive force that direct the firm to transform in response to the evolution of markets (Bruni & Verona, 2009).

In dynamic capabilities, marketing abilities are critical because they can create knowledge of customers and customer needs, competing products, and distribution channels (Barrales-Molina et al., 2014). Moreover, these skills significantly enhance organizational performance (Cacciolatti & Lee, 2016). Using these capabilities, firms can address the near-term market challenges and begin shaping their competitive arenas through alliances and customer relationships. Dynamic marketing capabilities (DMCs) have been proposed as a phenomenon that can improve business performance in several studies (e.g., Bruni and Verona, 2009; Fang & Zou, 2009; Morgan, 2009). They recognize different types of marketing processes that provide sustained competitive advantage, for example, new product development (NPD), customer relationship management (CRM), channel management, data analytics, brand positioning, content creation, etc. Altogether, DMC offer improved market responsiveness, increased competitiveness, better ROI, and superior brand positioning.

Despite the rising interest in dynamic marketing capabilities, we found several critical gaps in the literature. Most of the studies are conducted in developed countries such as US, and less research is being done in developing, promising, and emerging markets such as Iraq. Morgan et al. Barrett et al. (2009) highlight the need for more context-specific research on advances in existing frameworks, particularly for emerging economies, a heavily under-represented literature section. Secondly, the definition and assessment of dynamic marketing capabilities must be more consistent across different studies. Pfajfar et al. (2024) identify limited understanding concerning moderators of the relationships between dynamic capabilities and performance, noting that these constructs are seldom explicitly conceptualised and operationalised.

In addition, limited efforts have been conducted to unveil how local market dynamics modify the success of global marketing approaches. Kachouie et al. (2018); however, the authors do point out a need for more research on how firms adapt their marketing capabilities consistent with different local conditions, and that there is currently limited knowledge regarding market-level micro-building blocks of international dynamic marketing capabilities (p. 340) We need to fill these voids as such a framework may facilitate scholarly research and industry practice, which has yet to be account for these specific circumstances. The oil sector in Iraq is a crucial element of the national economy, which could be defined as a backbone or the primary source of income for the nation (Aletaiby et al., 2017). Iraq's oil companies work under a complicated set of global oil price changes, local regulatory modifications, and competitiveness. Thus, by modelling Dynamic Marketing Capabilities (DMC) of Oil Sector in Iraq, this research aims to offer insight into the capacity of these corporations to adapt and serve to excel in such uncertainties.

The research questions undertaken in this study are:

- What are the capabilities of marketing dynamics in Iraqi oil companies?
- What are the components of the marketing capabilities model in Iraqi oil companies?
- What is the model of DMC that can increase competitive advantage in Iraqi oil companies?

Literature Review

Competitive Advantage

Modern organizations encounter increasingly complex challenges marked by uncontrollable innovation, extensive scope, changing customer preferences, significant instability, business dynamics and environmental factors. These challenges underscore the critical interplay between economic, social, local, and environmental processes that inform an organization's strategic initiatives to achieve competitive advantage (Soloduchko-Pelc & Sulich, 2020).

Most definitions of competitive advantage focus primarily on competitors, customers, and the organization (Hinterhuber, 2013). The strategies and positions of competitors serve as benchmarks for evaluating competitive advantage, making it crucial to establish a strong market position while maintaining distance from rivals (Huang et al., 2015). Porter defines competitive advantage as the ability to outperform competitors within the same industry or market, emphasizing that this advantage stems from delivering exceptional value to customers, often through lower prices and unique benefits (Porter, 1981). It refers to creation of marketing strategies that attract people to buy from a particular brand by being lured by the additional value they get besides the main product or service. In this way, the brand sells more compared to its rivals.

Conversely, Barney links competitive advantage to long-term benefits achieved by implementing value-generating strategies that are difficult for competitors to replicate (Barney, 1995). It is the opposite of Porter's definition, where organizations focus more on delivering quality and consistently maintaining it to earn customer loyalty. Lastly, Peteraf characterizes competitive advantage as an organization's capacity to sustain above-average profits (Peteraf, 1993), while Grant highlights that it enables a company to achieve a higher profit margin sustainably (Grant, 1991). Both these definitions relate to the financial aspect of the market and not the value that a customer is going to get post purchase.

Peteraf and Barney agree that firms with a competitive advantage generate more excellent commercial value (Peteraf & Barney, 2003). From an financial standpoint, studies on competitive advantage often emphasize organizational efficiency, while strategic management focuses on profit, market share, and value creation (Jurksiene & Pundziene, 2016). Both Porter and Grant underline the importance of achieving superior results compared to competitors, which translates into higher profitability. Additionally, Barney connects competitive advantage to the primary goal of value creation (Porter, 1981; Grant, 1991). Overall, researchers concur that an organization's unique position arises from a combination of various factors, both internal and external.

Dynamic Marketing Capabilities (DMC)

Swift transformations in the contemporary corporate environment necessitate that firms adjust to maintain market competitiveness. The inability to adapt to these changes can adversely affect organizational effectiveness, profitability, and reputation (Audia et al., 2000). Consequently, organizations must cultivate, augment, and refresh their capabilities and processes. While substantial literature exists on dynamic capabilities in strategy and management, research on DMC is still fragmented and limited (Barrales-Molina et al., 2014; Kachouie et al., 2018).

Contemporary scholars have examined marketing integration with dynamic capacities (Bruni & Verona, 2009; Fang & Zou, 2009; Landroguez et al., 2011). Marketing capabilities are crucial within the DC framework as they allow firms to understand customer needs, competitor offerings, technological options, and supply channels (Barrales-Molina et al., 2014). They are capable of enhancing the overall organizational performance, profit margins, and brand positioning in the market (Cacciolatti & Lee, 2016).

DMCs denote a particular category of dynamic capabilities. DMC amalgamate human resource, social investment, and management cognition to generate and leverage market knowledge and resources. It facilitates adaptation to market and technological shifts (Bruni & Verona, 2009) and emphasises on

enhancing customer value (Fang & Zou, 2009). Thus, it is clear that DMCs represent a specific category of DCs.

A DC is characterized as a genuine DMC when it shaped and directed by marketing managers as a market-oriented foundation, is recognized as an absorptive capacity for knowledge, and functions as a mechanism for dissemination throughout the organization (Protogerou et al., 2012; Barrales-Molina et al., 2014; Landroguet et al., 2011).

The strategy literature has established, in this context, that firms endowed with strong DMCs can more efficiently sense and seize market opportunities. They can smartly reconfigure resources to be efficient and effective, as well as either respond successfully to competitive pressures or avoid them altogether. In this way, they can achieve superior positioning and sustainable competitive advantage in the market (Teece, 2007; Morgan et al., 2009).

In addition, the importance of DMC in gaining competitive advantage has received more and more attention from researchers over the past years as cannabis is entering mainstream markets worldwide. Of late, Chahal and Kaur (2013) made significant contributions to developing a contingency model that highlights several critical variables, including market orientation, culture, environmental turbulence, and competitive advantage of marketing capabilities – business performance links. They also say developing unique marketing capabilities adds to business resilience in tough times.

Furthermore, Khraim (2024) argues that startups with DMC have the right to presence to achieve their goals and survive by providing them with a space and market knowledge. On this mind, Kachouie et al. Reconfiguration of operational marketing capabilities through DMC is vital to organizational performance, according to (2018).

In this context, the strategy literature has underscored that firms possessing stronger DMCs can more rapidly identify and exploit market opportunities, reorganize resources efficiently and effectively, as well as be either exceptionally responsive to competitive forces or substantively insulated from them — to achieve greater feat over time and sustained competitive advantage (Teece, 2007; Morgan et al., 2009).

Despite extensive studies on DMCs and their impact on business performance, a significant gap exists in understanding how these capabilities apply to the oil industry in emerging markets like Iraq. While existing literature underscores the significance of DMCs in enhancing competitive advantage and organizational performance, it lacks a focused exploration of the operationalization of these capabilities within the unique socio-economic and political context of Iraq's oil sector. Furthermore, most studies emphasize general frameworks without addressing the specific challenges and dynamics oil corporations face in turbulent environments. It Indicates a need for targeted research that examines how DMCs can be effectively developed and leveraged to drive competitive advantage in this critical industry.

Methodology

This study is categorized as mixed-method research and is applied in nature to its objective. The qualitative research method utilized was in-depth, semi-structured interviews. The qualitative phase of the research entailed executing in-depth, semi-structured interviews with 15 professionals in the oil industry to identify the attributes of dynamic marketing skills. The researchers employed a targeted non-probability approach to recruit managers and academic specialists. During the structured interview sessions, the researcher initially outlined the research purpose and solicited the participants to articulate their perspectives based on their experiences. The interviews persisted until theoretical saturation was attained. Following the transcription of 15 expert interviews, thematic analysis was utilized for coding. This study employed Cohen's kappa test to assess the quality and reliability of the research. This coefficient is employed to assess the concordance between two coders. This index ranges from zero to one, with zero signifying total disagreement between the two coders and one representing the extent of their agreement. The acceptable reliability coefficient value for Cohen's kappa is more than 0.6. Cohen's kappa value in this study is 0.85, corroborated by the research's reliability. The output of the qualitative part is a Marketing Dynamic

Capabilities questionnaire, the data of which, together with the other questionnaire - competitive advantage - have been distributed between 150 respondents and then analyzed in the quantitative part using the structural equation method with the partial least squares approach. The statistical population related to this research consists of Iraqi petroleum products distribution companies and petroleum products marketing companies, among them, based on the convenience sampling, Iraqi Petroleum Products Distribution Company, Sumo Marketing Company, Iraqi Central Oil Company,

North Oil Company and Maysan Oil Company were selected, and only managers of these companies were considered to complete the questionnaire. Among these managers, three criteria were considered for distributing the questionnaire, which were:

Having an education in the marketing field, 2- Having a history of working in oil product distribution or marketing companies, 3- Having an interest in the topic under discussion. hence

250 managers of the companies mentioned earlier had one of these three characteristics, and based on the Kargesi Morgan table, 150 out of them were selected as a statistical sample, and the questionnaire was distributed among them.

Findings

Qualitative Section

The qualitative component examined the participants' responses through the thematic analysis (T.A.) method. Textual Analysis (T.A.) is a systematic approach for detecting, organizing, and elucidating patterns of meaning (themes) within a dataset. Transcendental Analysis enables the researcher to comprehend and interpret communal or shared significances and experiences by concentrating on meaning throughout a dataset. T.A. emphasizes not identifying unique and idiosyncratic interpretations and experiences inherent to a single data item. This strategy delineates the anticipated discourse surrounding a topic and elucidates the prevailing commonalities. Thematic analysis typically consists of two phases: open coding and axial coding. A label, notion, or open code is applied to phrases pertinent to the study issue during the open coding phase. Axial coding involves comparing and identifying similarities among the open codes, subsequently classifying them into a group referred to as a category. The subsequent table displays the demographic features.

Table 1. Demographic Characteristics of Qualitative Interviews

nickname	Gender	Age	Education	Position
1	Female	56	Master's Degree	Professor
2	Male	58	PhD	Professor
3	Male	40	Master's Degree	Professor
4	Male	49	PhD	Professor
5	Female	52	PhD	Professor
6	Male	50	Master's Degree	Expert
7	Female	47	Master's Degree	Senior Manager
8	Male	42	Bachelor	Senior Manager
9	Male	53	Bachelor	Account Manager

10	Female	45	Master's Degree	Superintendent
11	Male	38	Master's Degree	-
12	Male	35	Master's Degree	Accountant
13	Male	44	Master's Degree	Senior Accountant
14	Male	48	Bachelor	Senior Technician
15	Female	-	Bachelor	Senior Manager

In this section, experts were asked to answer the following questions: What are the capabilities of marketing dynamics in Iraqi oil companies? Furthermore, what are the components of the marketing capabilities of Iraqi oil companies?

Then, the interview responses were coded using the thematic analysis method, which gives some examples of the interviews below. Table 2 presents the dimension of marketing dynamic capabilities extracted from interviews.

Interviewee 1

"The oil marketing company, by formally inviting the parties to the contract or by announcing the sale of these shipments based on specialized international sales platforms, supplies part of the exportable amounts to the market based on the immediate sale mechanism."

Interviewee 3

"After-sales service is another quality requirement. This centre is committed to providing after-sales services for the goods and services it produces during a certain lifetime."

Interviewee 11

"The company must have an effective marketing strategy that targets the right audience and promotes its products effectively."

Interviewee 15

"Developing a strong identity and building a reliable reputation in the market can endear a company to customers and give it a competitive advantage."

Table 2. Marketing Dynamic Capabilities Dimension

Sentences	Open code	Axial Code	Category
In our company, formal invitations are used to communicate with customers.	Communicating via formal invitations	Direct Communicate	customer relationship management
We communicate directly with major customers in our company.	Communicating major customers		
Our company needs to provide after-sales service.	after-sales service	Ethical Services	
Adherence to ethical standards is essential for company members.	Adherence to ethical standards		

The auction advertisement is used for oil export in this company.	oil export via auction advertisement	auction advertisement	Selling Strategy
We use pyramid or network marketing to sell our products.	using pyramid or network marketing	pyramid or network marketing	
The company uses a Sales representative to sell oil products.	Using Sales representative	Sales representative	
Our company uses various pricing methods.	Various pricing methods	Various pricing	Pricing
The company always pays special attention to monitoring price changes in the market.	Monitoring price changes		
Our company has comprehensive strategic planning.	Comprehensive strategic planning.	comprehensive and diverse marketing strategy	Strategic marketing management
Our company has a comprehensive and diverse marketing strategy	diverse marketing strategy		
Our company monitors economic factors to develop a smart marketing strategy	smart marketing via monitoring economic factors		
The company is present in the World Stock Exchange to develop the market	presence in the World Stock Exchange	market developing	Active presence in the market
The company is present in international markets for market development	presence in international markets		
Participation in joint projects is part of the company's plans to be actively present in the market	Participation in joint projects	joint projects	
Providing different products is one of the main programs of our company	different products	Different/ creative products	product development
Our company uses creative methods in the production process	creative methods		
The company uses various communication channels for advertising	various channels of advertising	Different channels of advertising	Internet Marketing
Our company uses online advertising tools	online advertising		
The use of advertising campaigns is significant for the company	advertising campaigns		
Presence in social networks is followed seriously in the company	Having social networks	social networks marketing	
The company uses various incentives to attract investors	incentives to attract investors	Attracting capital methods	Financing strategy
Trust building in the market to attract capital	Trust building to attract capital		
The company is always looking for modern and up-to-date technologies for production.	Modern technologies for production	Modern technologies	Improving the ability and capability of the company
Our company focuses on gaining a competitive advantage through internal capability.	Internal competitive advantage	Internal/ external competitive advantage	
Improving capability based on external requirements is very important for the company.	capability based on external requirements		
The selection of the market is considered based on the efficiency analysis in our company	efficiency analysis	R & D	Market analysis

Quantitative and qualitative research are used to collect data in the company.	Quantitative and qualitative research		
The company always pays special attention to the competence of human resources	attention to the competence of human resources	Competitive H.R.	Competence of human resources
The company continually seeks to develop the economic knowledge of its marketers	economic knowledge of marketers	knowledge H.R.	
In our company, knowledge workers are always a priority for hiring	knowledge workers		
Paying attention to environmental issues and environmental campaign programs is particularly important for this company.	environmental programs/ campaigns	, local and international environmental issues	Green marketing
The company always adheres to local and international environmental laws	local and international environmental laws		
The company uses brand management through public campaigns, industrial conferences and events for branding	brand management through events	brand management	Branding
Our company cooperates with other brands	cooperating with other brands	Brands cooperation	

Quantitative Section

The second quantitative section uses SMART PLS software to investigate these study concepts using Structural Equation Modelling. A research model would be measured through three assessments: measurement models, structural models, and general. The measurement models will be examined through three separate components: index reliability, factor loading coefficients, Cronbach's alpha, construct reliability, and average variance extracted.

- Convergent validity: AVE coefficients of the constructs
- Discriminant validity: Cross factor loading matrix, Fornell & Larcker (1981) method.

To measure the structural model, the following parameters are also evaluated:

- Significant z coefficients
- R² criterion or Cross R Square,
- impact measurement criterion (f²)
- Q2 criterion
- Redundancy criterion.

Furthermore, the GOF formula is employed in the last stage to assess the overall model (Davari et al., 2015).

Upon assessing the model's appropriateness, the hypotheses are scrutinized in the subsequent steps: 1- Analysing the substantial z coefficients linked to each hypothesis and 2- Examining the standardized coefficients of the relevant path related to the hypotheses.

Measuring the Reliability of the Questionnaire

Reliability constitutes a fundamental technological characteristic of measuring instruments. The reliability coefficient ranges from zero to one; as it approaches one, reliability increases. Values exceeding 0.7 signify the questionnaire's reliability.

The reliability index for measuring internal reliability includes three measures of factor loading coefficients, Cronbach's alpha, and composite reliability. Figure 1 illustrates that reliability in PLS software is assessed by factor loading coefficients, Cronbach's alpha, composite reliability, and shared values, which will be detailed subsequently:

Measurement of Factor Loadings

The threshold value for the suitability of factor loading coefficients is 0.4 (Holland, 1999). Figure 2 and Table 3 indicate that, following the elimination of questions with a factor loading below 0.40, the factor load values for the remaining questions have been documented.



Figure 1. Factor Loadings for Observed Variables**Table 3.** Factor Loadings for Observed Variables

observed variables	Factor loading	observed variables	Factor loading
DC1	0.732	DC25	0.847
DC2	0.746	DC26	0.868
DC3	0.831	DC27	0.875
DC4	0.797	DC28	0.860
DC5	0.847	DC29	0.849
DC6	0.826	DC30	0.899
DC7	0.696	DC31	0.892
DC8	0.843	DC32	0.884
DC9	0.871	DC33	1.000
DC10	0.823	PC1	0.914
DC11	0.884	PC2	0.877
DC12	0.877	QL1	0.864
DC13	0.859	QL2	0.887
DC14	0.804	QL3	0.917
DC15	0.747	QL4	0.910
DC16	0.845	DD1	0.897
DC17	0.862	DD2	0.875
DC18	0.831	PI1	0.833
DC19	0.897	PI2	0.845
DC20	0.803	PI3	0.877
DC21	0.743	TM1	Deleted
DC22	1.000	TM2	0.855
DC23	0.903	TM3	0.913
DC24	0.879		

Cronbach's Alpha

Table 4 displays data regarding Cronbach's alpha for the research components. The table below demonstrates that all latent variables possess Cronbach's alpha coefficients greater than 0.7, signifying the suitability of the measurement models.

Table 4. Reliability Coefficients (Cronbach's Alpha) Of Research Questionnaires

Variables	Cronbach's alpha
Marketing Dynamic Capabilities	0.966
Competitive Advantage	0.892

Composite Reliability

Table 5 displays the composite reliability coefficients for the research variables. The table below shows that all latent variables have composite reliability coefficients over 0.7, indicating the sufficiency of the measurement models.

Table 5. Composite Reliability Coefficients

Variables	Composite Reliability coefficients
Marketing Dynamic Capabilities	0.967
Competitive Advantage	0.929

Investigating the Validity of the Measurement Model

Face, construct, convergent, and discriminant validity have been examined to validate the measurement instrument. Face validity was demonstrated by aligning the measuring indicators with the existing literature, which was confirmed through a poll of the professors.

Convergent Validity (AVE)

Convergent validity evaluates the degree of correlation between each construct and its associated questions (indices). The PLS software calculates the average variance extracted (AVE). Fornell and Larcker (1981) established that the requisite criterion for the extracted average variance is 0.5 or above. Moreover, researchers such as Magner et al. (1996) contend that values over 0.4 are acceptable. The results indicate that the index value exceeds 0.4, signifying a robust model fit.

Table 6. Values of Average Variance Extracted (AVE)

Variables	AVE Value
Marketing Dynamic Capabilities	0.486
Competitive Advantage	0.536

Discriminant Validity

According to the PLS approach, the third discriminant validity criterion was assessed using the Fornell and Larcker (1981) procedure in this research. As a guideline, this approach shows satisfactory discriminant validity when a construct in the model has stronger correlations with its indicators (reflective measures) than with other constructs (Fornell and Larcker 1981). As stated by Fornell and Larcker, "the heterotrait-monotrait ratio of correlations (HTMT) can be interpreted as the shared variance between two constructs." more specifically, discriminant validity is adequate if the Average Variance Extracted (AVE) for each construct exceeds the shared variance with other constructs; that is, the square root of AVE must be greater than correlation coefficients. Table 7 presents the matrix.

Table 7. Discriminant Validity Assessment Matrix by Fornell and Larcker Method

Variables	Dynamic Capabilities (DC)	Competitive Advantage (C.A.)
Dynamic Capabilities (DC)	0.697	
Competitive Advantage (CA)	0.870	0.732

After confirming the reliability and validity of the questionnaire, the hypotheses are examined using the confirmed dimensions in the next part.

Research Model

Figure 2 pertains to the research model. The coefficients in these figures are classified into two categories. The initial category pertains to the associations between latent variables (shown by circles) and observed variables (depicted as rectangles), referred to as factor loadings. Factor loadings indicate the relative significance of each variable's contribution to the measurement of the pertinent construct. Furthermore, the proportion of the variable is diminished. A variable with a higher factor load significantly contributes to the measurement of the related construct, whereas a variable with a lower factor load contributes less.

The second category pertains to the associations between two latent variables, referred to as path coefficients, employed to test hypotheses. All coefficients are evaluated with t-statistics. The t-value is considered significant when its absolute value exceeds 1.96.

Significant Coefficients Z

Figure 2 and Table 8 specify the T coefficients for the routes. As can be seen, among the models' paths, the T coefficients related to the path of Marketing Dynamic Capabilities to Competitive Advantage is more than 1.96.

Table 8. Z Significant Coefficients Related to Model Paths

Path	T value
The Path of Marketing Dynamic Capabilities to Competitive Advantage	27.017

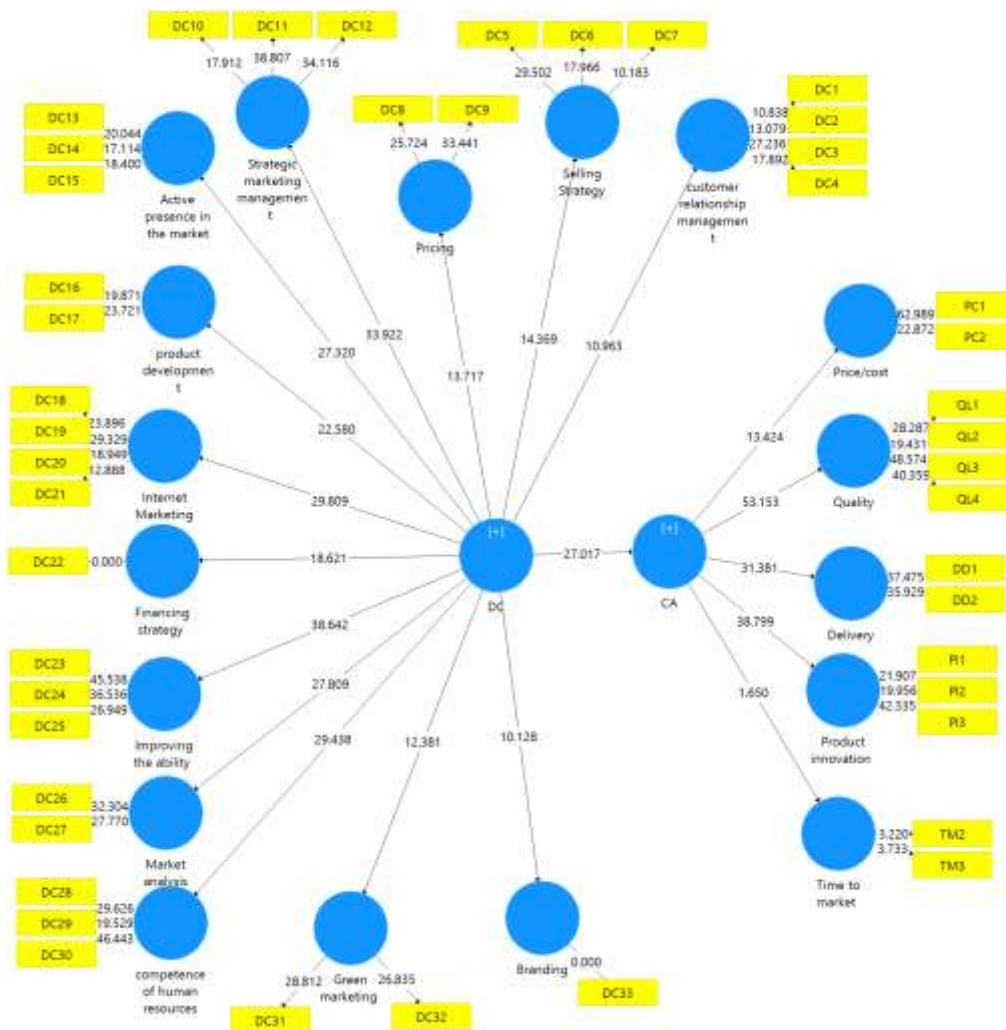


Figure 2. Z Significance Coefficients for the Structural Equation Model of The Research

R² Criterion (Determination Coefficient of the Research Model)

Analyzing the coefficient of determination provides insight into what proportion of variance in a dependent variable may be explained by a set of predictors. The coefficient of determination varies from zero to one; here, zero indicates that the regression line does not explain variation in the dependent variable according to the independent variable.

Table 9. R² Criterion

Variables	R ²
Competitive Advantage (CA)	0.756

The R² criterion reflects the influence of an exogenous variable on an endogenous variable, with values of 0.19, 0.33, and 0.67 being thresholds for weak, medium, and strong R² values, respectively. As can be seen:

* The value of R² related to the variable **Competitive Advantage (C.A.)** (0.756) shows the strong impact of this variable on the endogenous variable of the model.

Goodness of Fit in an Overall Model (Gof Criterion)

To assess the Goodness of Fit in a comprehensive model that evaluates both the measurement and structural components, the GoF criteria is computed as follows:

$$GOF = \sqrt{\text{Communalities} * R^2}$$

The value of Communalities It is obtained from the average communal values of the first-order hidden variables. As a result, the average communal values in the current research are equal to **0.749**

Table 10. Communalities Values of Latent Variables

Variables	Communalities values
Dynamic Capabilities (DC)	0.720
Competitive Advantage (CA)	0.778

To calculate R², R² values related to all endogenous hidden variables of the model should be considered, and their average values should be calculated. There is one (R²) in this current research: **0.756**

Consequently, the value of the GoF criterion in this context is:

$$GOF = \sqrt{\text{Communalities} * R^2} = \sqrt{0.749 * 0.756} = 0.753$$

The values of 0.01, 0.25, and 0.39a are designated weak, medium, and strong indicators for GoF, respectively. Consequently, the GoF result of 0.753 indicates a robust overall fit of the model.

Testing Research Hypotheses Using Structural Equations

Since the z (27.017) shown for the pathway builds between two latent variables in the hypothesis appears to be significantly high, it indicates strong evidence that a link has been established between Marketing Dynamic Capabilities and Competitive Advantage. The standardized path coefficient of 0.870 indicates that

the service Marketing Dynamic Capabilities are explained by the Competitive Advantage variable directly with an explanation level of 87%. Thus, from Table 4-15 and above t statistic of more than 1.96, it can be confirmed that our hypothesis is accepted, which means there is a significant relationship between Marketing Dynamic Capabilities and Competitive Advantage.

Table11. Results of Testing Hypotheses

Hypothesis	Path coefficient (β)	Significance values (T-value)	hypothesis test result
Hypothesis: Marketing Dynamic Capabilities Affect Competitive Advantage	0.870	27.017	Confirmed

Discussion and Conclusion

The main aim of this study was to model dynamic marketing competencies to enhance the competitive advantage of the oil firm in Iraq. A mixed-methods research methodology was employed to accomplish this objective. Utilizing insights from the literature analysis, the researchers performed comprehensive, semi-structured interviews with professionals from Iraqi oil businesses to examine essential components of Marketing Dynamic Capabilities.

The qualitative component yields a Marketing Dynamic Capabilities questionnaire, the data from which, along with competitive advantage surveys (Zhang, 2001), have been examined quantitatively using the structural equation modeling technique with a partial least squares approach.

This statistical method allowed the researchers to assess the correlation between marketing dynamic capabilities and competitive advantage, offering a solid framework for comprehending their interrelations. Moreover, through the analysis of expert interviews, the facets of DMC encompass customer relationship management, sales strategy, pricing, strategic marketing management, market presence, product development, internet marketing, financial strategy, and enhancement of the company's competencies. Market analysis, human resource competency, green marketing, branding.

The investigation demonstrates a substantial correlation between marketing agility and competitive advantage. Our validated hypothesis reveals a significant association between DMC and competitive advantage. DMC (DMCs) constitute a specific subset of Dynamic Capabilities (DCs) that focus on delivering client value (Bruni & Verona, 2009; Fang & Zou, 2009). DMCs rely predominantly on market knowledge as their fundamental resource (Menguc & Auh, 2006), serve as a channel for integrating market insights (Bruni & Verona, 2009), and facilitate the dissemination of this knowledge throughout the business (Landroguet et al., 2011). Santos-Vijande et al. (2012) contend that the effective amalgamation of marketing competencies at both strategic and operational tiers—encompassing the development of marketing mix strategies and the execution of adaptable planning—enables firms to secure a competitive edge.

Conversely, these data indicate that Dynamic Marketing competencies (DMCs) influence organizational outcomes indirectly through operational marketing skills. DMCs boost the development and structuring of operational marketing competencies, leading to improved organizational performance. This aligns with recent empirical research on Dynamic Capabilities (Protogerou et al., 2012). Thus, competitive advantage and improved outcomes do not arise immediately from DMCs; they are achieved through the development and reconfiguration of operational capabilities. We present evidence supporting the conceptual differentiation between dynamic and operational marketing capabilities. On the other hand, Kachouie et al. (2017) viewed DMC as a prerequisite for transforming operational marketing capabilities and ultimately enhancing organizational performance. This finding corroborated our study conclusion that firms with robust DMC outperform their competitors and disrupt the market. In turn, DMC is treated as an advanced skill due to the role above that it plays in the development and upgrading of operations marketing capabilities. Fang and Zou (2009) maintained that DMC was required if firms were to adjust to volatile market conditions successfully and viewed it as a prerequisite for excellent performance. According to

Barrales-Molina et al., DMC allows firms to acknowledge the ongoing market fluctuations and react to that demand, which is viewed as critical for securing a sustainable competitive advantage Kumar et al., 2014. Mitreġa 2020, in his systematic review, outlined the positive correlation between DMC and business performance and concluded that the skills were among the more crucial capabilities for competitive advantage. The concept of dynamic marketing capability DMC also encompasses the proposition that an organization captures intelligence about the marketplace and integrates this knowledge within its internal operations. Organizations theoretically utilize the more comprehensive development capabilities in the market-perceiving processes by adjusting internal coordination mechanisms and processes to link necessary external forces. DMC theory requires a firm to utilize its intelligence to act on market demands in responsive timeframes. Accordingly, they recalibrate the internal process by integrating resources and competencies, resulting in a synergistic effect of market-led initiatives in DMC theory. As such, firms need to have DMC as they continually restructure market firms and prioritize the development of sophisticated marketing capabilities within their cross-functional team to drive up log returns by progressively implementing dynamic marketing strategies. However, a deeper understanding of higher-order DMC design components' core set and robustness is required. Unlike conventional interpretations of dynamic capability DC theory, the DMC concept is central to delivering more excellent consumer value in fluctuating market conditions Hoque et al., 2021. Hoque et al., 2021, identified DMC dimensions to include market-based organization MBO orientation, human resource value, capital-based HRV, CA approach, and the services social development SSD, which overlaps the dynamic marketing capability examined in the current study.

Fang and Zou (2009) recognized several dimensions related to DMC: the ability to interpret and predict changes in customer preferences and market trends, termed market sensing; effective reallocation and optimization of the resources referred to as marketing resource reconfiguration, which is consistent with our results particularly on market analysis and strategy aspect referring insights from literature towards essential components related to DMC. Additionally, Day (Day, 2011) suggested a linking-metaphor model containing customer linkage and customer linkage for better loyalty and engagement. Ability to Innovate — The capacity to be innovative and leverage customer information and market observations. These dimensions correspond well with our study focus on customer relationship management and product development as critical components of DMC.

Suggestions

In conclusion, given that this study revealed a significant relationship between dynamic marketing capabilities and competitive advantage, several practical recommendations can be made to companies that wish to strengthen their competitive position through a successful marketing strategy. These recommendations are based on the well-known dimensions of dynamic marketing capabilities.

Enhance Customer Relationship Management (CRM)

- *Implement Advanced CRM Tools:* Invest in CRM software that optimizes monitoring of consumer interactions and preferences. This will facilitate personalized marketing efforts and increase consumer satisfaction.
- *Foster Customer Engagement:* Develop programs encouraging customer feedback and engagement, resulting in a more engaged and loyal customer base.

Refine Selling Strategies

- *Train Sales Teams:* Continuously instruct sales personnel on novel selling techniques and client engagement initiatives to adapt to changing market conditions.
- *Utilize Data Analytics:* Employ data analytics to identify patterns in client behaviour and adjust sales strategies accordingly.

Optimize Pricing Strategies

- **Conduct Market Research:** Continuously assess competitor pricing and market demand to formulate effective and competitive pricing strategies.
- **Implement Dynamic Pricing Models:** Consider implementing dynamic pricing techniques that adapt to real-time market conditions and consumer behaviour.

Strengthen Strategic Marketing Management

- **Develop Comprehensive Marketing Plans:** Develop comprehensive marketing strategies that correspond with overarching business goals, guaranteeing that all marketing initiatives are unified and focused.
- **Monitor Market Trends:** Analyse market trends and modify marketing strategy to maintain a competitive advantage.

Maintain an Active Market Presence

- **Engage in Community Initiatives:** Engage in local activities and sponsorships to augment brand visibility and foster community relations.
- **Leverage Social Media Platforms:** Employ social media for immediate client interaction, enhancing brand visibility, and collecting feedback.

Focus on Product Development

- **Encourage Innovation:** Encourage an innovative culture inside the organization to always enhance current products and create new offers that satisfy market demands.
- **Solicit Customer Input:** Engage customers in product development via surveys or focus groups to guarantee new items correspond with their preferences.

Enhance Internet Marketing Efforts

- **Invest in SEO and Content Marketing:** Enhance digital content for search engine optimization and produce valuable material that engages and maintains clientele.
- **Utilize Digital Advertising:** Execute focused digital advertising initiatives that effectively engage particular demographics.

Develop Financing Strategies

- **Explore Diverse Funding Options:** Examine diverse funding alternatives for marketing endeavours, encompassing partnerships, sponsorships, or crowdsourcing.
- **Allocate Budget Effectively:** Allocate marketing funds according to strategic priorities and anticipated ROI.

Improve Organizational Capabilities

- **Invest in Employee Training:** Implement continuous training initiatives to augment employees' competencies, especially in domains pertinent to DMC.

- *Foster Cross-Department Collaboration:* Promote interdepartmental collaboration (e.g., marketing, sales, R&D) to utilise varied knowledge in decision-making processes.

Emphasize Human Resource Competence

- *Recruit Skilled Professionals:* Focus on hiring individuals with expertise in DMC who can drive innovation within the organization.
- *Create a Supportive Work Environment:* Cultivate an organizational culture that values continuous learning and adaptability.

Implement Green Marketing Practices

- *Adopt Sustainable Practices:* Integrate sustainability into marketing strategies by promoting eco-friendly products and practices.
- *Communicate Sustainability Efforts:* communicate environmental initiatives to customers, enhancing brand reputation.

Strengthen Branding Efforts

- *Develop a Strong Brand Identity:* Create a cohesive brand identity that resonates with target audiences across all marketing channels.
- *Monitor Brand Perception:* Regularly assess public perception of the brand through surveys or social media monitoring to make necessary adjustments.

With these pragmatic recommendations in hand, firms that seek to use their skills with marketing dynamism effectively can measure the addition of a sustainable competitive advantage and, ultimately, sustainable growth and success against an ever-increasingly competitive market.

In addition, some potential directions for future studies can be proposed in light of the results of this research to examine further the relationship between Marketing Dynamic Capabilities and Competitive Advantage. These recommendations aim to enhance understanding but also operationalization in different contexts:

Examine Moderating Variables

Future research may investigate potential moderating variables that influence the relationship between marketing dynamic capabilities and competitive advantage. Understanding market conditions, corporate culture, or technological advancements may provide a more nuanced insight into the operation of certain competencies in different contexts.

Focus on Industry-Specific Studies

Examining specific industries may yield insights into the unique expressions of marketing dynamic skills across sectors. Analysing the telecommunications, healthcare, or technology sectors may reveal specific challenges and strategies relevant to those fields.

Longitudinal Studies

Employing longitudinal study methodologies may facilitate the evaluation of the evolution of marketing dynamic capabilities and their enduring effects on competitive advantage. This method would enable academics to document alterations in market dynamics and organizational reactions.

Incorporate Open Innovation

Examining the function of open innovation as an intermediary between marketing dynamic capabilities and competitive advantage may yield significant insights. Comprehending how companies interact with external partners and customers during the innovation process can improve their dynamic capabilities and overall performance.

Explore Cross-Cultural Perspectives

Incorporating cross-cultural comparisons in studies may clarify the impact of cultural differences on the execution and efficacy of marketing dynamic capabilities. Such studies could concentrate on corporations functioning in emerging markets compared to those in industrialized economies.

Utilize Advanced Analytical Techniques

Future research may utilize sophisticated analytical techniques such as machine learning or big data analytics to examine extensive datasets pertaining to marketing dynamic capabilities and competitive advantage. This methodology may reveal patterns and insights that conventional techniques may neglect.

Investigate the Role of Leadership

Investigating the impact of leadership styles on the evolution of DMC may yield valuable insights for organizations. Comprehending the characteristics and actions of leaders who effectively cultivate these competencies may inform managerial strategies.

Develop Comprehensive Frameworks

Future research may focus on creating complete frameworks that amalgamate diverse aspects of marketing dynamic capabilities with other organizational competencies. This comprehensive approach would enhance the knowledge of how various talents combine to provide competitive advantage.

Assess the Impact on Startup Performance

Investigating startups and their distinct obstacles in creating DMC may be beneficial. Comprehending how these competencies facilitate startup growth helps guide incubators and accelerators in aiding nascent enterprises.

Evaluate Technological Integration

A more appropriate topic would be exploring how new technologies (AI/ ML) supports marketing dynamic capabilities. This innovation in capability development and the associated technology may give us some directional insight into what the future of marketing strategy will become. Through this research, scholars will potentially glean deeper insights into marketing dynamic capabilities and their strategic role in generating a competitive edge across contexts and industries.

Research Limitations

This study on the relationship between Marketing Dynamic Capabilities and Competitive Advantage, while yielding significant findings, is subject to several limitations that should be acknowledged:

Sample Size and Generalizability

The research was based on a relatively small sample of 15 experts for qualitative interviews, which may limit the generalizability of the findings. A broader sample across different industries and regions could provide more comprehensive insights and enhance the external validity of the results.

Methodological Constraints

Semi-structured interviews and standardized questionnaires may introduce biases related to respondent interpretation and self-reporting. Participants might have differing understandings of marketing dynamic capabilities, potentially affecting the consistency of responses.

Focus on Specific Contexts

The study focused on specific sectors (e.g., Oil Corporations) within a particular geographic region (Iraq). This context-specific approach may limit the applicability of the findings to other industries or regions with different market dynamics.

Dynamic Nature of Variables

Dynamic capabilities and competitive advantage are inherently fluid concepts that can change over time due to external factors such as market trends and technological advancements. This study captures a snapshot in time, which may not fully reflect ongoing changes in these variables.

Potential Overlap in Constructs

Some dimensions of marketing dynamic capabilities may overlap conceptually, complicating the measurement and interpretation of their impacts on competitive advantage. More explicit definitions and distinctions between these constructs would enhance future research clarity.

Lack of Consideration for External Factors

The study focused on internal organizational capabilities without adequately exploring external environmental factors that could influence the relationship between marketing dynamic capabilities and competitive advantage, such as competitive intensity or regulatory changes.

Subjectivity in Qualitative Analysis

The thematic analysis of qualitative data involves subjective interpretation by researchers, which may introduce bias in identifying themes and coding responses. Future studies could benefit from involving multiple analysts to enhance reliability.

By acknowledging these limitations, future research can build upon this study's findings while addressing these challenges to provide a more robust understanding of marketing dynamic capabilities and their role in achieving competitive advantage.

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