

The Effect of Digital Marketing, And E-Commence on SMEs performance of Baghdad

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Abstract

The Service of SMEs at present is categorized by intensive competition and quick changes in client expectations, improving regulatory standards, innovation in technology and increased competition. The review of the literature investigated the relevant studies on digital marketing, and e-commerce, and SME's performance. The theoretical framework was based on the hypothesis of the resource perspective. Built on the central assumption which states that, digital marketing and e-commerce are greatly related to SME's performance. The present paper seeks to describe The Relationship of digital marketing and e-commerce in enhancing Iraqi SMEs. In this research, 228 respondents were investigated within the SMEs services and industries in Baghdad, Iraq. Smart PLS 3.2.9 was used to analyse the results. The results of the paper found a range of assumptions and conclusions are as follows. It was revealed that the increasing interest in handling digital marketing and e-commerce and its effect on the establishment of SME's performance competitiveness. The findings also indicated a positive effect on SME's performance in digital marketing and e-commerce variables. This Mirrors the potential of the sector to offer excellent performance as a strong indicator.

Keywords: Digital Marketing, E-Commerce and SMEs Performance

1. Introduction

Small and Medium Enterprises (SMEs) are enterprises that act a very important role in the economy of many countries, and SMEs are essential components of the economy of Iraq. In order to succeed, it is very important that Iraqi

SMEs be open to new techniques due to that the new technologies are the key to enabling enterprises to establish contacts with enterprises over the world, which enables them to participate in global economics (Thabit et al., 2016).

Over the last few years, after 2003, some Iraqi enterprises have adopted e-commerce and are already benefiting from it. Many Iraqi SMEs have been inadequate to resolve such problems by themselves, which is why government authorities, financial institutions, and large enterprises have conducted to assist and encourage them with their policies and their assistance programs. With a few rare exceptions, Iraqi enterprises, like most enterprises in developing countries,

have not yet selected many technological innovations, often due to a lack of resources, but also because of the work habits and culture of those who arrange these SMEs. Many cannot, or will not, accept the risk inherent in changing the way they do business and their decision-making processes. In this paper, the researchers will analyze the Factors that Influence SMEs in Adopting digital marketing, and e-commerce.

2. Literature Review

2.1 SMEs Performance

The definition of the firm itself and SMEs growth in particular, a clear understanding of firm performance as the major dependent construct of this thesis is inevitable. Measuring firm performance is at the heart of strategic management (Santos & Brito, 2012). However, a generally accepted definition of firm performance is inexistent as it is a complex and multi-dimensional object (Teeratansirikool et al., 2013). SMEs performance is a relevant construct in strategic management research and frequently used as a dependent variable. Despite this relevance, there is hardly a consensus about its definition, dimensionality and measurement, what limits advances in research and understanding of the concept. A second-order financial performance construct, influencing growth and profitability, correlated with the first-order intercorrelated, non-financial dimensions performance facets (Santos & Brito, 2012). SMEs performance needs to be distinguished from the broader construct of organizational effectiveness. Venkatraman and Ramanujan (1986) offered an enlightening figure of three overlapping concentric circles with the largest representing organizational effectiveness. This broadest domain of organizational effectiveness includes the medium circle representing business performance, which includes the inner circle representing financial performance.

Multiple items were derived from previous studies to measure SMEs performance (Verhoef & Leeflang, 2009; Vorhies & Morgan, 2005). They respondents were asked to indicate how their SMEs performed regarding customer satisfaction, market share, new customer acquisition, profitability, return on investment (ROI) and sales, relative to their major competitors. Combined, these measures provide a rounded view of firm performance including both perspectives of effectiveness and efficiency (Sun & Kim, 2013). SMEs performance is a multidimensional concept (Papulová et al., 2015) whose indicators can be departmental, such as pertaining to production, finance or marketing (Atalay, et al., 2013), or consequential such as pertaining to growth and profit (Pett and Wolff, 2016). It can be measured with objective or subjective indicators (Rong & Wilkinson, 2011). In this study, subjective measures of performance adapted from Felício et al., (2015) were adopted because of the difficulty of gathering hard financial data from private companies, in the absence of any publicly available objective data which includes the firms in the sample (Stratis & Powers, 2001). Ratios provide a broader understanding of a company's performance since they are calculated from information obtained from financial statements of a company. The results are mixed. For instance, company size is found to have a positive effect on SMEs performance (Yazdanfar & Öhman, 2015; Asimakopoulos et al., 2009). With regard to Romania, the literature on SMEs

performance is rather small. Pantea et al (2014) found that firm size, capital intensity and the number of employees positively affect SME's performance. The researcher will measurement the SME's performance by financial performance, growth, market share, profitability and customer satisfaction.

2.2 Digital Marketing

Digital marketing is becoming a hot topic in various business areas and is playing an important role in any company's multi-channel marketing strategy, it uses the Internet to deliver promotional marketing messages to consumers (Kaur and Hundal 2017). It includes email marketing, search engine marketing, social media marketing, many types of display advertising (including web banner ads) and mobile advertising Bala et al., 2018). Like other advertising media, online advertising often involves publishers who integrate ads into their online content and advertisers that provide ads to be displayed on the publisher's content (Pant & Rastogi, 2018). The variable refers to a variable associated with investigating variables that effect the dependent variable (Giunta., 2020). In fact, previous studies have provided evidence that digital marketing has played role as indented, depended (Ramdani et al. 2013; El-Gohary, 2010). According to Bala et al., (2018)., found positive relationship between digital marketing and governance the digital business is an important skill for organisations to develop and support agile governance is a business discipline that is evolving to address this need. Key findings also revealed that a company's marketing success relies mostly on their website, social marketing, and digital advertising, which are all parts of digital marketing, in addition, savings made by using digital marketing can be reinvested elsewhere (Alalwan, et al., 2017). Brodie et al. (2007) find a strong positive relationship between E-marketing and the SMEs performance. Found a positive and significant influence of it on SMEs' adoption of E-commerce. Ramdani et al. (2013)

declare that it is a significant organizational factor in determining enterprise applications (EA) adoption by SMEs. As well El-Gohary (2010) concludes that the organizational readiness positively and significantly affects E-marketing adoption indicating that this effect is direct or indirect. Lera-López et al., (2013) investigated the effects of adopting ICT on the performance of manufacturing SMEs After reviewing the principles of marketing this section concentrates on defining digital marketing and exploring its opportunities.

2.3 E-commerce

E-commerce variable in the relationships between the IT business alignment factors and SMEs performance has not been examined so far. Therefore, the present study focused on e-commerce as a moderator between the dimensions outlined in six and SMEs performance. B2B E-commerce adoption has a strong positive relationship with companies' performance (Mohtaramzadeh, 2016). Electronic commerce means the conducting business transactions over the Internet, which includes exchange of information of value in the form of products and services as payments, using web-based technologies (Lu et al., 2010). Bajaj, 2005 defined it as a distribution of business information; upholding business relationships; and performing business transactions by means of telecommunications networks. More significantly, e-commerce transactions were the exchanging of goods and services using the internet and other digital media (Chaffey et al., 2009).

Online shopping has increased significantly in recent years and therefore many traditional department stores have expanded to include online sales (Turban et al., 2017). In addition, some new companies have concentrated on selling only through online store. Electronic Commerce (e-commerce) is electronic business (Köksal & Penez, 2015). It's using the power of computers, the Internet

and shared software to send and receive product specifications and drawings; bids, purchase orders and invoices and any other type of data that needs to be communicated to customers, suppliers, employees or the public (Altunan, et al., 2018).

E-commerce is the new, profitable way to conduct business which goes beyond the simple movement of information and expands electronic transactions from point-of-sale requirements, determination and production scheduling, right through to invoicing, payment and receipt (Alley & Emery, 2017). Kapurubandara, & Lawson (2006) presented a model discussing barriers of adoption of ICT and ecommerce collected from the obtainable literature and therefore the results of an exploratory pilot studies and subsequent survey. Additionally to the barriers facing SMEs, the analysis identifies the relevant support needed by SMEs in an exceedingly developing country, Sri Lanka. The preliminary study helps draw some conclusions. Adoption of ICT and e-commerce in SMEs in developing countries is totally different from the developed countries. Another issue that emerged during this study was the amount of ICT adoption. E-commerce evolved the direct marketing sale since it reduced the transmitted channels which the product/services passed through from manufacturer/supplier to the final customer (Thabit et al., 2016).

2.4 There is relationship between digital marketing and SMEs performance.

In the recent times, the world has witnessed a rise in digital marketing buoyed by the explosion of information communication and technology (ICT). Digital marketing is a marketing strategy involving the deployment technology based tools such as the Internet (email, search engines and electronic commerce), mobile phones and social media platforms. Internet marketing aims to inform, converse, promote and sell products and services over the Internet (Kawira et al., 2019;

Njau & Karugu, 2014). It involves email marketing, search engines, online markets and online blogs with the aim to reaching out to existing and potential customers. Relationship Were a positive between digital marketing and SMEs performance.

As well El-Gohary (2010) concludes that the organizational readiness positively and significantly affects E-marketing adoption indicating that this effect is direct or indirect. Although E-marketing is becoming a focus of attention of researchers and academics, there is a paucity of literature regarding its relationship with marketing performance. Research results show a contradiction in the relationship between E-marketing and the performance (Tsiotsou and Vlachopoulou, 2011). Cretu, & Brodie, (2007), found a strong positive relationship between E-marketing and the performance. According to Higgins, (2005), the findings suggest that the adoption of advanced broadband ICT applications by SMEs can have a significant and positive impact on productivity. However this is only the case where such technologies are of specific relevance to the industry in which the SME is operating, and that their adoption is combined with major organisational or strategic changes. For services firms the influencing factor is organisational changes, while for manufacturers it is strategic changes. The authors (Chaffey & Ellis-Chadwick, 2019; Tiago & Veríssimo, 2014).

Suggest that for manufacturing firms the gains in productivity they found were potentially influenced by customers and/or suppliers who often required these SMEs to adopt the technology as part of supply chain and customer management processes. The strongest relationship was found between: the e-marketing budget and pre-sales activities; e-marketing budget and marketing effectiveness; after-sales service and marketing effectiveness and after-sales service and marketing performance. Another authors (Mazzarol, 2015; Mogoş, 2015; Taiminen & Karjaluoto, 2015), suggest that the investment

SMEs make in e-marketing have positive effects on marketing success as measured by new business generation and reduced cost of goods sold, this in turn can lead to higher profits, enhanced market share and growing brand equity. The importance of both pre and post-sales marketing activity is also an interesting finding that SME owner-managers should take note of when considering e-marketing.

Literature shows that digitization in its various forms is positively related to small business growth, performance and competitiveness. Digital marketing and social media provide opportunities for small businesses to attract new customers and reach existing customers more efficiently. Even the starting point of digitization, broadband access, has been shown to bring significant opportunities to SMEs such as reaching new target audiences, increasing performance and efficiency, and improving growth and competitiveness (Galloway, 2007; Shideler and Badasyan, 2012).

2.5 There is relationship between E-Commerce and SMEs performance.

In the past three decades, SMEs have played an important role in the e-economic development of Taiwan. However high competition of the global market, lowen try barrier and tough price competition have challenged Taiwanese SMEs and have forced many SMEs to shutdown (Ramanathan et al., 2012). It is generally believed that the adoption of e-commerce has helped to improve the competitiveness of Taiwanese SMEs in the 1990s (Chen, 2004; Chu, While e-commerce has positive impact on businesses, some studies have looked at the role of e-commerce on sub-functions of a firm, such as operations and marketing.

Rahayu and Day, (2015) find a positive and significant influence of it on SMEs' adoption of e-commerce. Ramdani et al. (2013) declare that it is a significant organizational factor in determining enterprise applications (EA)

adoption by SMEs. Also Ghobakhloo et al. (2011) mention that from factors impacting on E-commerce adoption in SMEs is the shortage of organizational readiness such as technological resources. The researchers explain that there are two types of readiness according to the model developed by Mehrtens et al. (2001) of Internet adoption by SMEs. First is the degree of knowledge to use the Internet among unprofessional employees. Second is the computer systems level available in the organization. However, since the study of Ghobakhloo et al. (2011) is related to E-commerce adoption in voluntary organizations.

Karagozoglu and Lindell (2004) have found that e-commerce has a positive impact on the development of customer base (a marketing function), whereas it does not have a significant impact on purchasing management. On the contrary, Love and Irani (2004) have found that e-commerce helps SMEs realize benefits in terms of various operations functions, thereby helping to improve overall performance. Instance, in their study of 100 managers from SMEs in the USA, Grandon and Pearson found that organizational readiness, external pressure, and perceived ease of use significantly affect e-commerce adoption. Other studies in the literature considered the benefits and rewards of e-commerce adoption in SMEs (Stockdale and Standing, 2004; Abebe, 2014). The previous research on e-commerce adoption by examining the relationship between e-commerce adoption and performance of SMEs. More specifically, it is argued that there found a positive and significant influence of e-commerce adoption on SMEs' performance due to two major intermediary organizational processes.

First, e-commerce adoption positively affects SMEs performance by providing an enhanced and streamlined business process management. Several studies in the literature found that e-commerce plays an important role in reducing transaction costs as well as enabling. Several studies in the literature found that e-commerce

plays an important role in reducing transaction costs as well as enabling a more efficient handling of internal business processes in SMEs (Lefebvre et al., 2005). Santarelli and D'Altri (2003), for instance, observed in their analysis of Italian manufacturing and service SMEs that adopting a robust e-commerce capability allows the firms to reduce the transaction costs in the results of their analyses of 47 US manufacturing SMEs provided support for their argument. Past research has

2.6 Methodology

In this paper, an attempt was made to study the relationship between digital marketing and E-commerce, and SME's performance within the sector of Iraqi SMEs. A quantitative methodology was taken in which the data collected were separated into two sections by a survey. The first section focuses on the general features of the subjects, including age group, position, and educational level, size of the company, marital status, and career. In the second section, measuring the components of digital marketing, E-commerce, and SME's

also shown that e-commerce adoption in SMEs improve the efficiency of not only internal business processes but also the broader supply chain (Johnston and Wright, 2004; Kim et al., 2008). These and other similar studies show that e-commerce adoption affects the overall performance of SMEs primarily by providing a more efficient and streamlined internal business processes that in turn translate into significant cost-saving and profitability.

performance of our interest. Questions for digital marketing and e-commerce variables were based on) Ghorishi, 2009; Qashou, 2017). Elements of SME's performance were adopted from a study conducted by (Waithira, 2017).

The study was applied to a sample of (228) executives, their assistants and owner, managers, and IT staff of the departments from the Iraqi SMEs. The participants were invited to give their opinions on a Likert-scale (1-5) ranged from "Extreme Disagreement" to "High Agreement to analyze data obtained using a PC version 21 SPSS correlation and regression analysis.

Table 1: The Questionnaire's Sources

Sections	Sources
Digital Marketing	(Ghrishi, 2009),(Lvanov,2012)
E-Commence	(Qashou. 2017)
SMEs Performance	(Waithira,2017)

2.7 Hypotheses Development and Conceptual Framework

Conceptual Framework and Hypotheses the conceptual framework for the study. In line with the existing literature (i.e., Chen, et al., 2017; Nath et al., 2010), thus, to direct this research into its aim, a conceptual framework is necessary. As can be seen in "Figure. 1", the author has developed a clear conceptual framework for this paper. Using (RBV)

Resource-Based Theory will have a positive influence on the Iraqi SME's performance. Specifically, the study proposes that:

H1: Digital marketing has a significant influence on SMEs performance

H2: E-commerce has a significant influence on SMEs performance

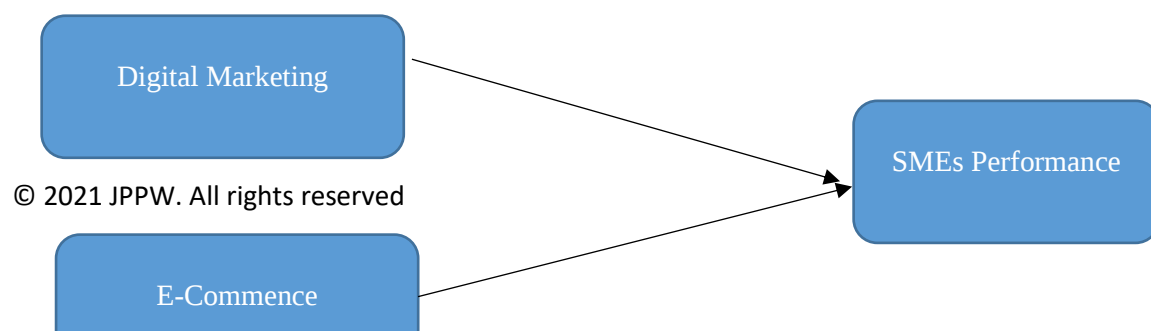


Fig. 1: Conceptual Framework**2.8 Profile of Respondents**

This section presented the description of participating companies. As discussed previously, the population of this research was Iraqi services SMEs. The criteria of the companies that participated were SMEs that implemented e-commerce, whereas the targeted respondents were only the owners, managers,

and IT staffs specifically. The characteristics examined included gender of respondents, age, level of position, Size of company, education level, marital status as well as years of working. SPSS software version 22.0 was used to analyse the profile of the participants. The study findings of the research participants' profile are summarized in Table. 1.

Table 1: Profile of Respondents

Variable	Categor y	Frequenc y	Percentag e %	Total sampling
Gender	Male	153	67.1	228
	Female	75	32.9	
Age	Less than 25	42	18.2	228
	25-34	65	28.4	
	35-44	74	32.2	
	45-55	31	14.1	
	56 And Over	16	7.1	
Educational	Secondary School	22	9.7	228
	Diploma	56	24.6	
	Bachelo r	142	62.2	
	Master	3	1.3	
	Ph.D.	5	2.2	
	Married	195	85.5	228
	Single	30	13.2	

Marital Status	Divorced	3	1.3	228
	Widow	0	0	
Years of service	0-5 years	21	9.2	228
	6 -10years	54	23.7	
	11-15years	71	31.1	
	16 – 20 years	68	29.8	
	21 and Above	14	6.1	

The 228 participating respondents' profiles were analyzed and the frequencies and percentages were obtained. In this research, the gender of respondents had been assessed and it was found that 67.16% of the respondents were males and only 32.9 % were females. Furthermore, the age of the respondents was also included and the results obtained showed that the majority of the respondents with the percentage of 14.1% were within the age range of 45 to 55 years old. The second highest group were respondents with the age range of above 56 years old with the percentage of 7.1%, followed by the third-highest percentage of 32.2% hold by respondents with an age range between 35 to 44 years old, 28.5% were respondents with an age range between 25 to 34 whereas the last group which obtained the least percentage of 18.2% were respondents with an age range of less than 25 years old. Moreover, the descriptive statistics applied as well as measured the education level of the respondents. Most of the respondents with a total percentage of 1.3% were found to be Master's degree holder, 62.2% of the respondents were a Bachelor degree holder, 24.6% holds a certificate or a diploma, 2.2% of the respondents were certified as a Ph.D. holder and only 9.7% of respondents were found to have an educational background with only secondary school certificate. Furthermore, the marital status of the respondents was also assessed and it was found that the majority of the respondents were married with a total

percentage of 85.5%, 13.2% of the respondents claimed to be single, 1.3% stated as divorced whilst 0% of the respondents purported as a widow. The final part of the profile analysis showed the results of the working years of the respondents. Numbers of respondents with a total percentage of 31.1% claimed that they had served 11 to 15 years of service to their company, 29.8% of the respondents had worked for 16 to 20 years, 9.2% had working experience of 5 years only, 23.7% of the respondents had worked for 6 to 10 years and the minority of the respondents with the percentage of 6.1% had working experience of 21 years and above. The data gathered is reliably examined. The available data from 228 participants were collected in this analysis. Cronbach's Alpha, as indicated by Sekaran & Bougie (2016), was used to calculate the reliability of the instruments employed. For this analysis, the reliability of all items has been checked and, in order to be appropriate, Cronbach will have an alpha value of at least 0.70, according to Pallant (2013). Throughout this study, 228 respondents were randomly selected as participants in this research, as already stated. The reliability of all items of all scales was defined, and the findings showed strong reliability in all measurements. The corresponding alpha values of Cronbach are seen in the following table in the sample with N = 228.

Table 2: Cronbach's Alpha Values

No	Variables	Cronbach's Alpha	Variance Extracted (AVE)
1	Digital Marketing	0.908	0.682
2	E-commerce	0.926	0.810
3	SMEs performance	0.865	0.709

Note: For every item, the AVE values should be at or above 0.50 to have a satisfactory validity for the convergence (Fornell and Larker, 1981). Table 2 indicates that the robust Cronbach Alpha has been reached by all items in this analysis as all items reached are above 0.7. Therefore, in testing the model presented in the analysis, the scales were shown to be reliable and can be used. Convergent validity is used to explain to the degree the metrics within a particular structure converge on a large degree

within overall variance (Hair et al., 2010). An AVE, Composite Reliability (CR) and Factor Loading evaluation, as proposed by Hair et al. (2010) was carried out. As stated by Hair et al., (2010), and AVE of 0.5 or higher is a good Convergence Validity; an average load is 0.7 or higher, and a CR of 0.7 or higher. The AVE values for all the constructs varied between 0.682 and 0.810 based on the outcome in Table 2, which surpassed the required level of 0.5.

2.9 Normality Test

One of the essential assumption in multivariate analysis was normality. According to Hair (2010), normality is a degree to which the distribution of the sample data resemble to a normal distribution. Indeed, two tests were deployed verify the stability of the distribution and to describe the shape of any variable distribution which were skewness and kurtosis. Skewness defined if the data sets moved either to the left or to the right whereas kurtosis referred to whether the data assessment were heavy-tailed or light-tailed compared to a normal distribution. Based on Hair et al. (2014), the measurement for both skewness and kurtosis can be ascertained by utilising SPSS software. Hair et al. (2014) added that the

distribution of the data set was assumed as normal when the finding of z value were between ± 2.58 at 0.01 significance level or ± 1.96 at 0.05 significance level. Earlier researcher such as Kline (2015) mentioned that if the obtained value of kurtosis and skewness exceed 3.0 or 10.0 correspondingly, it can initiate underestimation during analysing and affect results.

Henceforward, the results of skewness and kurtosis were displayed in Table 4.11 and results showed that the values of skewness and kurtosis achieved the recommended range. Significance value of the data was also assessed and the analysis as well proved that each item measured obtained $p < 0.05$, therefore concluded that the data were not normally distributed.

Table 3: Normality Test

	Kolmogorov-Smirnov			Skewness	Kurtosis
	Statistics	df	Sig.		
SME Performance	0.123	224	0.000	-1.060	1.047
Digital Marketing	0.113	224	0.000	-0.543	0.424
E-Commerce	0.124	224	0.000	-0.814	0.622

2

.10 Descriptive Analysis of Constructs

Descriptive analysis was normally applied in social science research to explain the fundamental attributes of the gathered data. Therefore, the minimum, maximum, mean and standard deviation value for each indicator were achieved from the descriptive statistics. The responses to all research indicators utilized in this research were based on a 5 point Likert-scale. Digital marketing was the first variable utilized in this research. Table 4.18 presented the descriptive statistics of digital marketing (DM). Digital marketing applied in this research was assessed using six items. Table displayed the descriptive statistics for DM. For DM total mean score achieved was ($\bar{x}$ =3.74) and this mean score was labelled as high. As for the rest of items presented for DM as well, all these items obtained mean scores of between ($\bar{x}$ =3.58) and ($\bar{x}$ =3.65) that showed a high degree of application.

The scores achieved showed that DM was one of the important element that assisted in enhancing SMEs performance of Iraqi SMEs. E-Commerce was the second variable of this

research. E-commerce in this research was measured using seven items. Table showed the mean and standard deviation scores for e-commerce (E-COM). For E-COM, the mean score for the total items were ($\bar{x}$ =3.74). For each items particularly, the mean scores and standard deviation values were within the recommended threshold value which were between 3.63 and 3.80. All values of mean had shown a high degree of application which verified that e-commerce was an imperative element needed in ensuring the success SMEs performance. SMEs performance (SMEP) in this research was measured by utilizing eleven items that captured the extent of SMEs performance in the explored organizations.

Table displayed the values of the descriptive statistics for SMEP. As illustrated in Table 4 all items recorded 1 as the minimum point and 5 as the maximum point which showed exactly the minimum and maximum points provided in the survey. Generally, each items of SMEP presented mean values of more than 3.00 and standard deviations ranged between 0.870 and 1.014.

Table 4: Descriptive Statistics for Digital Marketing, E-Commerce, and SMEs Performance

Construct	Minimum	Maximum	Mean	Standard Deviation	Application Degree
Digital marketing (All items)	1.50	5.00	3.74	0.694	High
E-Commerce (All items)	1.71	5.00	3.74	0.718	High
SMEs Performance (All items)	1.55	4.73	3.61	0.631	High

2.11 Results model path coefficient beta and direct relationship

The current study used the evaluation of the structural model to validate the hypotheses that have been proposed. Besides, Hair et al. (2011) indicated that an approved path coefficient would be at minimum 0.1, at a reasonable coefficient of at least 0.05 (or 95 % confidence

level), to preserve the path coefficient to the suggested model. The level of significance and acceptance of hypotheses was determined using the values obtained from the bootstrapping procedure, which was performed using SmartPLS 3.0. The t-values which were

obtained using SmartPLS 3.0 bootstrapping at 228 re-samplings were used to determine the significance of the hypotheses for all constructs. The following positive direction was advocated in this study: To analyze the impact of the variables for digital marketing, e-commerce on SME's performance. Based on the statistical assessment of the path coefficients, it is only when the t-value is more significant than 1.96 that the hypothesis will be accepted and supported (Hair et al., 2017). Table 4 demonstrates the results of the tested

Table 5 Relationships hypothesis Testing (Direct Relationship Result)

No	Relationship	Path coefficient	Stander deviation (STDEV)	T Statistics (IO/STDEV)	P-Value	Decisions
H1	Digital Marketing – SMEs Performance	0.957	0.009	104.746	0.000	Supported
H2	E-Commerce - SMEs performance	0.770	0.050	15.502	0.000	Supported

2.12 Conclusion

One of the topics that have emerged as a relevant topic in the field of marketing is e-commerce and digital marketing as there is an increase in the interest of practitioners and business theorists in the area of shopping, as well as its implications for SMEs. The findings of the study revealed that SME's performance is influenced by digital marketing and e-commerce and as such should be considered by SMEs as an effective marketing tool in Iraqi SMEs. The result of the statistical analysis confirmed that the main research hypotheses were accepted. Also, the result showed that digital marketing and e-commerce have a positive influence on SME's performance towards a product or firm.

Despite the fact that the study was successfully carried out, there are some limitations associated with the study, and based on those limitations, suggestions for future study were given. This study contributes to the area of

hypotheses, which shows that all the four hypotheses that were tested to determine the direct effect were supported and there was a significant favorable influence. Result of direct effect for the supported hypotheses including H1) the positive influence of digital marketing on SMEs performance ($t=104.746$; $p<0.001$), H2) the positive influence of e-commerce on SMEs performance ($t=115.502$; $p<0.001$).

marketing by providing insight into the level of digital marketing and e-commerce in SMEs through an examination of the correlation between (DM, EC) factors and SME's performance. One of the major ways through which a sustainable competitive advantage can be built is by ensuring SME's performance. In this study, the effect of (DM, EC) factors in enhancing SMEs performance in Baghdad city of Iraq. More so, in this study an investigation of the relationship between digital marketing (DM) and e-commerce (EC) and SMEs performance. These findings has several practical and theoretical implications. Based on the findings of the study, it can be concluded that a higher level of DM, EC positively affects SME's performance. The perception which customers have about DMEC is important and has implications for customers. Stronger evaluations of SMEs can result from the expectations which customers have towards DM, EC factors for customers to demonstrate intentions to repeat a business firms if they must

increase their communication so that customers can develop favourable attitudes, thereby resulting satisfaction. This research contributes to the overall understanding of digital marketing and e-commerce in SMEs by providing insight into how digital marketing and e-commerce influence SME's performance. Therefore, it can be concluded that sustainable

competitive advantage can be built to develop the SME's performance. This means that if a firm carries out extensive DM, EC factors, the perceptions of customers towards SMEs will be positively influenced.

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