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The Role of Competitive Advantage in Sales and Profitability of Service Organizations: A Study on a Sample of Service Organizations in the City of Baghdad

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Abstract
The research problem centers on measuring the extent of competitive advantage and its role in the sales and profitability of service organizations in the city of Baghdad. The study aims to identify the key requirements for achieving competitive advantage and its impact on sales and profitability, as well as to highlight the most significant advantages that can be adopted to enhance these outcomes. The importance of the research lies in the critical role competitive advantages play in increasing the sales and profitability of service organizations to their maximum potential. The study employs a descriptive-analytical methodology, utilizing a questionnaire distributed to 130 managers from various service organizations in Baghdad, of which 112 valid responses were received for analysis. The research is based on two primary hypotheses suggesting the existence of a significant relationship and influence between competitive advantage dimensions—namely cost leadership and differentiation—and the sales and profitability of service organizations. The questionnaire results were analyzed using the SPSS program. The findings indicate a significant correlation and impact between the study variables. Specifically, the results show a positive and statistically significant relationship between competitive advantage dimensions and the sales and profitability of service organizations, with an overall correlation coefficient of 0.320, reflecting a moderate relationship. Moreover, the results reveal that a one-unit increase in competitive advantage leads to a 35.7% increase in sales and profitability, with statistical significance at the 0.05 level. On a more detailed level, differentiation had a greater impact compared to cost leadership. Differentiation explained 16.9% of the variance in sales and profitability, whereas cost leadership accounted for only 1%. The primary and subsidiary hypotheses were thus supported.
Keywords: competitive advantages, SPSS, sales, profitability, service organizations.

1. Introduction
Competitive advantages have gained significant importance in determining an organization's success in its marketing activities. The primary motivation behind competitive advantages is to achieve goals and objectives across various levels and types, which are defined and formulated based on the organization's material and human resources, as well as the opportunities and threats in the external environment that influence it. In light of the substantial developments in the business field and the changes they have brought to many activities, sales and profitability have become the primary benchmarks for measuring an organization's ability to survive and sustain growth. From this perspective, the research aims to explore the role of competitive advantages in enhancing both sales and profitability within select service organizations in the city of Baghdad.

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2. Chapter One: Research Methodology

2.1. Research Problem

Given the numerous challenges faced by service institutions, particularly as a result of developments in their operational environments and the subsequent emergence of new opportunities and challenges, it has become essential for these institutions to adopt strategies that enable them to capitalize on these opportunities effectively. Competitive advantages have emerged as one of the most critical requirements in contemporary marketing management. Organizations striving for success and excellence must go beyond merely maintaining their current position; instead, they need to transform their unique advantages into distinguishing features that equip them to address challenges and adapt to the rapid changes in their environment. To achieve this, institutions rely on sales and profitability as mechanisms to assess the efficiency of their competitive advantages in gaining a lead over challenges, while fostering an environment that promotes creativity, innovation, and competitiveness.

Building on the Above, the Following Questions Can Help Clarify the Research Problem:

1. Do service institutions have a clear understanding of the nature of competitive advantages?
2. What is the nature of the relationship and impact between competitive advantages and the sales and profitability of the surveyed service institutions?
3. What is the level of sales and profitability of the surveyed service institutions?
4. Have competitive advantages contributed to increasing the sales and profitability of the surveyed institutions?

2.2. Significance of the Research

The academic significance of the research lies in its focus on two critical dimensions for organizational success: competitive advantages and the sales and profitability of institutions. Establishing a connection between these dimensions plays a vital role in creating a work environment capable of keeping pace with innovations in service delivery to the market and encouraging consumers to make purchases. Additionally, the research seeks to leverage theoretical knowledge and build practical foundations to strengthen the correlation between the two dimensions of the study. From a practical perspective, the research highlights its importance by directing the attention of the surveyed service institutions toward addressing such topics through analysis and study. This is due to their relevance in improving organizational performance, increasing sales, and achieving profitability.

2.3. Research Objectives

The research aims to:

1. Explore the nature of competitive advantages and their impact on the sales and profitability of service institutions.
2. Examine the correlation and influence between competitive advantages and the sales and profitability of the studied institutions.
3. Identify the level of availability of competitive advantages and the extent to which they rely on the sales and profitability of the studied institutions.
4. Provide a set of recommendations that the studied institution can use to apply competitive advantages to enhance its sales and profitability.

2.4. The Hypothetical Research Model

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The methodological approach to addressing the research problem, based on its theoretical framework and practical implications, necessitates the development of a hypothetical model. This model reflects the logical relationship between the studied variables, as well as clarifies the sub-variables of these variables and their impact on the institution under study. It also considers the measurability of these variables, assuming that the relationship follows a unidirectional flow, as seen in Figure 1.

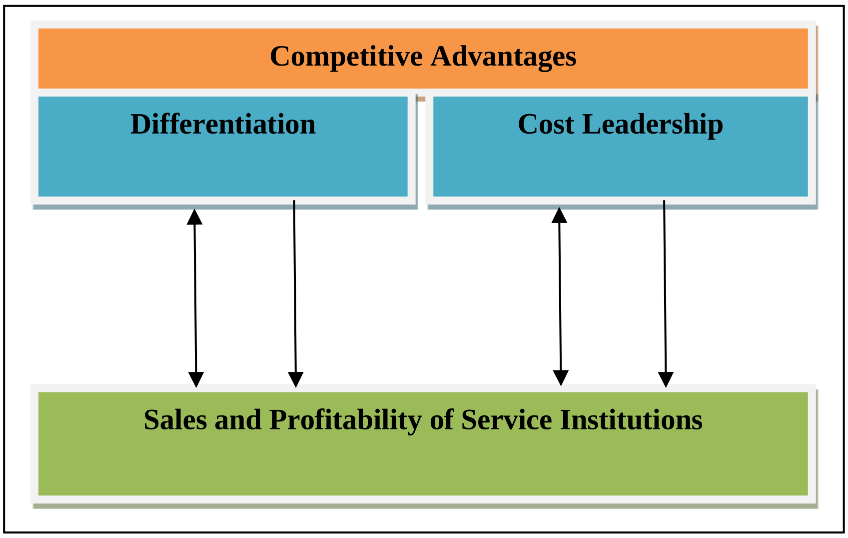

Figure 1: Relationship between Competitive Advantages and other variables.

2.5. Research Hypotheses

Based on the proposed research model, two main hypotheses were formulated as follows:

2.5.1. Primary Hypothesis 1:

There is a significant correlation between competitive advantage, as measured by its dimensions, and the sales and profitability of service organizations. From this main hypothesis, the following sub-hypotheses are derived:

1. There is a significant correlation between cost leadership and the sales of service organizations.
2. There is a significant correlation between cost leadership and the profitability of service organizations.
3. There is a significant correlation between differentiation and the sales of service organizations.
4. There is a significant correlation between differentiation and the profitability of service organizations.

2.5.2. Primary Hypothesis 2:

There is a statistically significant impact of competitive advantage, as measured by its dimensions, on the sales and profitability of service organizations. From this main hypothesis, the following sub-hypotheses are derived:

1. There is a statistically significant impact of cost leadership on the sales of service organizations.
2. There is a statistically significant impact of cost leadership on the profitability of service organizations.

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3. There is a statistically significant impact of differentiation on the sales of service organizations.
4. There is a statistically significant impact of differentiation on the profitability of service organizations.

2.6. Methods of Data Collection and Statistical Analysis

To gather the data and information required for the research, the researcher relied on various theoretical resources, including books, theses, journals, the virtual library, and the internet. For the practical aspect, the researcher utilized a questionnaire as the primary tool for data collection. The questionnaire consisted of two main parts: The first part focused on measuring dimensions of competitive advantage, comprising twelve indicators (six for cost leadership and six for differentiation). While, the second part focused on sales and profitability, also comprising twelve indicators * (six for sales and six for profitability).

*The measurement of competitive advantages was based on the studies of Hamza (2015) and Abdul Ghafour (2017), while the measurement of sales and profitability was based on the studies of Abdul Razzaq (2017) and Al-Lami (2017).

A variety of statistical methods were employed using SPSS software to analyze and test the research hypotheses. These methods included the following statistical treatments:

1. Descriptive statistics (including mean and standard deviations) to determine the concentration of responses from the surveyed individuals for both independent and dependent variables, along with their components, and to assess the dispersion of these responses from the arithmetic mean.
2. Cronbach's Alpha reliability coefficient to determine the internal consistency of the items forming the scales used in the study.
3. Spearman's correlation coefficient to assess the strength of the relationship between the research variables.
4. Linear regression analysis to examine the impact of the independent variable (competitive advantages) on the dependent variables (sales and profitability).

Table (1) illustrates the distribution of the research dimensions as reflected in the questions.

Table1. The research dimensions reflected in the questions.

Independent Variable / Competitive Advantages	
Cost Leadership	6
Differentiation	6
Dependent Variable	
Sales	6
Profitability	6
Total	24

2.7. Research Population and Sample

A selection of first-class hotels, travel and tourism companies, and banks were chosen, as they are considered leading institutions in Baghdad Governorate. The ownership of the hotels is either private or mixed, while the ownership of the travel and tourism companies and banks is private. The

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study focused on service-oriented institutions in Baghdad, given that they are among the most important economic sectors in Iraq, with the service sector serving as a fundamental pillar of the national economy. Additionally, these institutions play a significant role in achieving both economic and social development. To collect the necessary data from the research population, which consists of managers totaling (130) individuals, a questionnaire was distributed to them. Of these, (112) valid responses were returned, representing (86%) of the research population.

2.7.1. Validity of the Study Instrument

The questionnaire was reviewed by eight expert faculty members in the relevant field to benefit from their expertise. This review enhanced the accuracy and objectivity of the scale. Based on their feedback, several phrases were reworded, some were removed, and necessary adjustments were made meticulously to ensure the construct validity of the questionnaire.

2.7.2. Reliability and Validity Testing of the Study Instrument: Reliability Coefficient

This refers to the stability of the scale and its consistency over repeated applications. In other words, it provides the same results if re-administered to the same sample. To test the reliability of the questionnaire items, the researcher used Cronbach's Alpha coefficient, which ranges from 0 to 1. If there is no reliability in the data, the coefficient value will be zero, while a perfect reliability indicates a coefficient of 1. The closer the reliability coefficient is to 1, the higher the reliability; the closer it is to 0, the lower the reliability. As a general rule, a coefficient below 60% is considered weak, between 60-70% is acceptable, and above 80% is considered good. On the other hand, Validity refers to whether the scale measures what it is intended to measure, and mathematically it is the square root of the reliability coefficient.

Table 2. Reliability and Validity Coefficients for the Questionnaire Dimensions

Dimensions	Number of Items	Cronbach's Alpha Coefficient	Self-Validity
Questionnaire Dimensions	24	0.852	0.923

Source: Researcher's preparation from field study data, 2019.

The researcher utilized Cronbach's alpha coefficient to measure the reliability of the questionnaire, specifically examining whether the removal of any item would affect its consistency. The Cronbach's alpha coefficient for the study's questionnaire items was 0.852, indicating good reliability. This result positively influenced the self-validity coefficient, which was 0.923. Table (2) presents the reliability and self-validity coefficients for the questionnaire's sections. The researcher notes that both the reliability and self-validity coefficients, calculated using Cronbach's alpha for all the questionnaire items, are very high. This provides a strong indication of the questionnaire's reliability and validity, as well as the respondents' comprehension of its items, thereby supporting its use for testing the study's hypotheses.

3. Theoretical Aspect

3.1. Competitive Advantage

Competitive advantage has become one of the most important strategies in the life of organizations, as it represents the path to development and distinction through the successful utilization of the organization's resources. The significance of competitiveness lies in maximizing the benefits derived from the advantages offered by the global economy while minimizing its negative effects. The Global Competitiveness Report indicates that smaller countries are more capable of benefiting from the concept of competitiveness than larger countries, as it provides companies in smaller nations with the opportunity to expand beyond the limitations of a small market into the broader global market. This is particularly relevant since these small and developing nations are forced to confront this system as one of the challenges of the twenty-first century. Since it is organizations that compete, not countries, organizations with highly competitive capabilities are able to improve the standard of living of their citizens. This is because the standard of living in a country is closely linked to the success of the organizations operating within it and their ability to penetrate global markets through exports and foreign direct investment. It is observed that global trade and foreign direct investment are growing at a faster pace than global output (Khalaf, 2019: 250). Accordingly, this chapter includes the following sections:

3.1.1. Definition of Competitive Advantage

There is no consensus among most economists and international economic bodies regarding a specific and precise definition of competitiveness. Some adopt a narrow view, equating it with price and trade competitiveness, while others use a broader definition that encompasses nearly all aspects of economic activity. This is evident in the large number of indicators used to measure competitiveness. Regarding competitive advantage, it has undergone significant changes, which have made it highly important in the business environment due to the revolution in information technology. The real challenge now is how to transform competitive advantages into distinctive advantages for organizations and how to cope with the changes occurring in the competitive environment to achieve success (Al-Azzawi, 2012: 11) (Khalaf, 2019: 250). Evans (1997: 83) defines competitive advantage as the organization's ability to achieve market superiority over its competitors by offering better value to the customer. Both Khalil (1998: 37) and Najm (2007: 273) agree that competitive advantage is a distinguishing feature or element of superiority for an organization, which is achieved by following a specific competitive strategy. Hoffman (2000: 5) defines competitive advantage as a distinguishing feature that can be achieved through enticing prices, selective advertising, or product improvements and innovation. Both Kotler & Armstrong (1992: 40, 2007: 966) state that competitive advantage is an edge over competitors that a company gains by offering greater value to consumers, either through lower prices or by providing greater benefits that justify higher prices. Heizer et al. (2017: 36) define competitive advantage as the creation of a system with a unique advantage that exceeds what is available to competitors.

3.1.2. The Importance of Competitive Advantage

Competitive advantage holds significant importance in the life of organizations, regardless of the type of activity they engage in. In the presence of a competitive advantage, an organization possesses the capabilities to achieve high sales and generate profits. Without such an advantage, the organization becomes vulnerable to competition. This importance is highlighted by the consensus of several researchers, including Ishaq (2013, p. 69), Al-Rubaiawi and Abbas (2015, pp. 567-568), and Khalaf (2019, p. 250):

1. A competitive advantage allows an organization to occupy a key position in the market, leading to higher sales and profitability compared to its competitors. This results in greater customer satisfaction and loyalty, making the organization's customers less susceptible to competing offers and helping to increase sales volume.
2. The significance of competitive advantage lies in its ability to create new models for sustained competition, especially as older models become widely known and accessible to competitors.
3. Competitive advantage is the foundation on which competitive strategy is formulated, with various factors and variables interacting to support the advantage and lead to the development of the organization's comprehensive strategy.
4. Competitive advantage is considered the cornerstone of strategic management, prompting some thinkers and writers to define strategic management itself as a competitive advantage (Abdullah & Elias, 2018, p. 161).
5. Competitive advantage serves as a fundamental tool for confronting market challenges and competing organizations by enabling the firm to meet future customer needs through the development of technologies and production skills that allow it to quickly adapt to changing opportunities.

3.1.3. Dimensions of Competitive Advantage

According to many researchers, there are two main types of competitive advantage: cost leadership and differentiation. These dimensions are used as the basis for the current study. A simplified explanation of these competitive advantages is provided below (Ishaq, 2013, pp. 70-72; Abdullah & Elias, 2018, p. 161; Khalaf, 2019, p. 250):

1. Cost Leadership Advantage

Cost leadership involves not only offering products at the lowest cost but also ensuring that productivity is achieved at a cost that is linked to quality, which should be attractive in the market to yield acceptable returns. Russell & Taylor (2000, p. 16) pointed out that organizations competing on cost reduction must understand that low costs cannot constitute a competitive advantage if the increase in productivity results solely from short-term cost reductions. Al-Jilali (2001, p. 87) added that an organization seeking survival and continuity must strive for a competitive advantage by reducing production costs, allowing it to sell at competitive prices. An organization achieves this advantage when its cost structure in core value-creating activities is lower than that of its competitors. The strategic value of this advantage lies in its sustainability, meaning that competitors cannot control its sources compared to the organization.

2. Differentiation Advantage

An organization stands out from its competitors if it achieves distinctive characteristics in its products or services. This advantage provides the organization with significant potential, especially in terms of selling larger quantities of products at a higher profit margin due to relatively higher prices. Noe et al. (2003, p. 62) stated that differentiation involves creating a perception among consumers that the services or products offered by the organization are different from those of others in the same industry. This differentiation may arise from brand recognition or the use of specific technology.

3.1.4. Factors Affecting Competitive Advantage (Al-Bayati, 2013: 189)

i. Comparative Efficiency

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This refers to the ability to offer services at a lower cost than competitors, influenced by several key factors. These include internal efficiency, which refers to the internal costs borne by the organization, and also mutual organizational efficiency, which concerns the costs the organization incurs due to its interactions with other institutions.

ii. Bargaining Power

This is the ability to negotiate with both customers and suppliers in a way that benefits the organization. This factor is influenced by costs related to research and development, the specific characteristics of the service, and switching costs for customers when they choose not to engage with competing organizations.

3.1.5. Classification of Competitive Advantages (Al-Moussawi, 2010: 153-190)

A clear classification of competitive advantages was not reached until the 1990s. Prior to this, individual efforts without a solid foundation led to various attempts to categorize them. Among the efforts that have not achieved consensus are two models:

i. First Model

This model is based on resources as the foundation of competitive advantage, as contributed by authors such as Pandian (1991), Petertaf (1992), and Barny (1993). The resource-based view sees economic units as different in terms of their capabilities and tangible and intangible assets, as well as their human and material resources. No two economic units are exactly alike due to the diversity of available resources, experiences, skills, and organizational cultures.

ii. Second Model

This classification is proposed by Porter and relies on the advantages that the customer gains, including cost reduction and added value.

3.1.6. Types of Competitive Advantages (Al-Zaubi and Al-Jariri, 2007: 13):

1. Cost: The organization can sell at a price lower than the industry average, outperforming competitors.
2. Quality: This refers to product specifications, good performance, and the function it serves.
3. Reliability: This refers to the ability to provide the product to the buyer upon request.
4. Flexibility: The ability to adapt to changing demand and respond to it.
5. Innovation: Introducing new products (Al-Moussawi, 2010: 153-190).

3.1.7. Conditions for Achieving Competitive Advantage Success (Al-Moussawi, 2010: 153-190):

Competition is increasing day by day. The more the business is approached scientifically with the aim of achieving high-quality work, the more steadily that business will pave its way to good sales and increased profitability. This can be done either by raising prices (which does not lead to the desired competition that enables the economic unit to remain in the market) or by reducing costs related to labor and production. For a business to succeed or for a product to be popular and competitive, certain conditions must be met (Al-Salmi, 2009: 3):

1. It must achieve its purpose (function).
2. It must be high-performing (quality).
3. It must deliver performance on time.
4. It must have a reasonable cost (competitive).

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3.2. Sales and Profitability

3.2.1. Sales

The success or failure of any organization is determined by its sales volume, which serves as the only source that fuels all of the organization's activities. Therefore, it is essential for an organization to monitor its sales performance regularly. When sales decline, organizations experience concern, which in turn leads to decreased profitability. Hence, it is important for the organization to understand the reasons behind the decline (Johnson et al., 2016: 596-597). Sales are the products (goods and services) offered by producers and sellers to buyers after the successful completion of a sale transaction. This process represents an exchange of benefits between the seller and buyer, where the buyer pays for the goods or services with mutual consent (Al-Lami, 2017: 28). Basic Options to Maximize Sales Volume, there are several strategies to maximize sales volume, as outlined by Jobber (2004: 327-329):

i. Market Penetration: This strategy involves existing products in current markets and focuses on acquiring customers from competitors (through effective promotion and distribution, as well as price reduction). This leads to an immediate increase in sales, so the organization must establish barriers to prevent competitors from entering (by reducing costs and benefiting from economies of scale).
ii. Market Expansion: This is achieved by converting non-targeted customers of the organization's products into users or increasing the usage rate among existing customers. Thus, sales growth is realized through an expanded market size.
iii. Product Development: Sales are increased through the enhancement of existing products or the introduction of new products into current markets. This can be achieved by improving features, performance, and design, aiming for sales growth in existing markets. Product development can occur in three ways: expanding the current product lines to offer more options to customers, replacing old products with updated versions, or innovating by substantially developing new products.
iv. Market Development: This involves marketing existing products in new markets by promoting products that are important for sales growth.
v. Entering New Markets (Diversification): This strategy introduces new products to untapped customer segments. Entering new markets with new products is considered the riskiest option but is necessary when current products are experiencing limited growth in existing markets.

3.2.2. Profitability

Profitability is a key indicator for all organizations and is essential for their survival and continuity. According to Al-Shamaa (1992: 89), profitability is defined as the ratios that provide insights into an organization's ability to generate income from its available resources. Al-Amiri (2013: 87) stated that profitability is a measure of the organization's investment, operational, and financial management policies and decisions. It reflects the overall performance of the organization, unifying the impact of most managerial decisions and assessing the organization's capacity to generate profits from sales, assets, and equity. Al-Lami (2017: 32) mentioned that profitability refers to the returns on assets or equity that are distributed partially to owners while the remainder is retained within the organization to finance expansion and meet other financial requirements. Gomes & Bainghame

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(2001: 48-50) identified three key profitability measures, which are used for regular assessments of the organization's financial performance. The first measure is the profit margin as a percentage of sales, which indicates the earnings generated from sales and operational activities. The second measure involves capital assets, which demonstrates the effectiveness of the organization's assets. The third measure is the return on assets, which is a profitability indicator based on the assets necessary for production. Fakhri & Qader (2016: 150) outlined the following profitability indicators:

i. Return on Assets (ROA): This financial indicator reveals an organization's ability to generate profits from its investments. It largely depends on the amount of profit derived from those assets and is also known as the return on investment (ROI), as it measures the profitability of both short-term and long-term investments. According to Al-Mashhadani (2009: 67), ROA reflects the effectiveness and efficiency of management in utilizing assets, instilling confidence in their financial decisions and investment strategies. The ROA is calculated by dividing net profit by total assets:

$$Return\ on\ Assets = \frac{Net\ Profit}{Total\ Assets} \times 100$$

ii. Return on Equity (ROE): This indicator is of significant importance to an organization's management as it measures the rate of return on capital invested by the owners. It serves as the standard for maximizing shareholder wealth (Al-Amiri, 2010: 50). Furthermore, it is a key measure of the organization's growth and development. A higher ROE indicates the efficiency of management. This indicator is calculated by dividing net profit by equity.

$$Return\ on\ Assets = \frac{Net\ Profit}{Return\ on\ Equity} \times 100$$

4. The Fieldwork Aspect of the Study

4.1. Description and Diagnosis of the Research Sample

To identify the agreement among the members of the research community regarding the statements included in the questionnaire, the researcher carefully selected the application domain within service institutions (hotels, tourism and travel agencies, banks). These institutions heavily utilize most elements of competitive advantages. After designing the questionnaire, the researcher chose a sample possessing characteristics suitable for addressing this topic. The selected sample comprised managers and equivalent personnel in service institutions relevant to the research subject, as competitive advantage is a significant topic. This section provides a description of the responses from the selected sample concerning the variables in the hypothetical framework of the research. The description covered the variables of competitive advantage, represented by influential dimensions such as cost leadership and differentiation, using appropriate statistical methods to determine the level of agreement on which variables are most emphasized in service institutions. Additionally, the section describes the individuals' responses regarding the variables of sales and profitability. The research sample's demographics were characterized based on stakeholders' roles, as shown in Table (3). It indicates that 9% of the sample represented general managers, 31% represented executive managers, 17% represented marketing managers, and 43% belonged to other categories. These job titles add further depth to the study, reflecting differences in opinions,

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perspectives, and contributions in shaping the institution's competitive advantages, which enhance sales and profitability. Table (3) provides a description of individuals' responses to each dimension of the core variables.

Table 3. Description of the Research Sample

Job Title	Frequency	Percentage
General Manager	10	9%
Executive Manager	35	31%
Marketing Manager	19	17%
Others	48	43%
Total	112	100%

Source: Prepared by the researcher based on the results of electronic computing.

The table (4) shows that 64% of the research population holds a bachelor's degree, 19% holds postgraduate degrees, and 17% belong to other categories. This indicates that all members of the sample are academically qualified to comprehend the questionnaire items and respond accordingly.

Table 4. Description of Academic Qualification

Academic Qualification	Number	Percentage
Bachelor's Degree	27	64%
Graduate Studies	21	19%
Others	19	17%
Total	112	100%

4.2. Description and Diagnosis of the Independent Variable Represented by Competitive Advantage

4.2.1. Cost Leadership

To assess the responses provided by the surveyed individuals regarding the independent variable represented by competitive advantage, and to present and analyze the data related to those responses, Table (5) indicates a general consensus among the research sample toward the statements. The responses of the research sample largely agreed on all statements related to cost leadership. Table (5) displays the mean values and standard deviations for these responses, showing an average mean of 3.7, which is higher than the hypothetical mean. This indicates that the respondents demonstrated a high level of agreement with the concept of cost leadership. Consequently, this implies that cost leadership provides the surveyed institutions with a competitive advantage.

Table 5. Means and Standard Deviations

Indicator	Questions	Mean	Standard Deviation
X1	The management of the institution focuses on making products or services with lower costs more effective.	3.63	1.281
X2	The institution gives attention to reducing expenses (salaries, office supplies, rents).	3.43	1.292

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X3	The institution focuses on reducing costs through learning from past experiences.	4.04	0.929
X4	The institution focuses on reducing costs compared to competitors.	3.65	1.137
X5	The institution strives to shorten supplementary services to save non-essential expenses.	3.47	1.208
X6	The institution utilizes its various resources when delivering services.	3.81	0.945
Average		3.7	

To examine the nature of the responses provided by the individuals surveyed regarding discrimination and to present and analyze the data related to these responses, Table 6 shows a general agreement among the research sample regarding the statements. The responses from the sample align with most of the statements related to discrimination. The table also indicates the means and standard deviations of these responses. The average mean was 4.2, which is higher than the hypothetical mean, implying that the respondents' reactions to discrimination were significant. This suggests that discrimination provides the institutions under study with a competitive advantage.

Table 6. Means and Standard Deviations

Indicator	Questions	Mean	Standard Deviation
X1	The institution's management focuses on responding to all variables when providing products or services	4.21	0.677
X2	The institution offers services that are distinct from its competitors	4.13	0.925
X3	The institution focuses on fulfilling customer needs more than its competitors	4.21	0.850
X4	The institution provides suitable after-sales services	3.86	0.909
X5	The employees of the institution possess high expertise and skills that enable them to provide outstanding services	4.29	0.706
X6	The institution provides services of high quality	4.18	0.862
Average	4.2		

4.3. Description and Diagnosis of the Dependent Variable, Represented by Sales and Profitability

4.3.1. Sales

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In order to assess the nature of the responses provided by the surveyed individuals regarding sales and to present and analyze the data related to those responses, Table (7) indicates a general agreement among the research sample regarding the statements. The responses of the sample showed consistency with the overall sales-related statements. The table also presents the means and standard deviations for these responses. The mean value was 3.97, which is higher than the hypothesized mean, suggesting that the respondents' reaction to sales was notably significant. This implies that the surveyed institutions follow a policy aimed at increasing sales.

Table 7. Means and Standard Deviations

Indicator	Questions	Mean	Standard Deviation
X1	The institution has clear plans for the development of sales rates	4.11	0.863
X2	Sales increase through diversification of services provided to customers	4.13	0.691
X3	The institution's sales are continuously increasing every year	3.82	0.913
X4	The institution achieves high sales through the development of current services	4.01	0.741
X5	There has been an increase in demand for the institution's services recently	3.66	0.926
X6	The institution is working to increase its sales in the current market	4.06	0.786
Average	3.97		

4.3.2. Dependent Variable (Profitability)

In order to assess the nature of the responses provided by the surveyed individuals regarding profitability and to present and analyze the data related to those responses, Table 8 indicates a general agreement among the research sample regarding the statements. The responses of the sample showed consistency with the overall profitability-related statements. The table also presents the means and standard deviations for these responses. The mean value was 4.23, which is higher than the hypothesized mean, suggesting that the respondents' reaction to profitability was notably significant. This indicates that the surveyed institutions are keen on maximizing their profits.

Table 8. Means and Standard Deviations

Indicator	Questions	Mean	Standard Deviation
X1	The institution works to increase its profit levels from year to year	4.36	0.793
X2	Profitability contributes to improving the services offered by the institution	4.26	0.814
X3	The institution's profits stem from its differentiation from competitors in marketing performance	4.18	0.774
X4	The institution's profitability increases by attracting prospective customers	4.22	0.867

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X5	The institution strives to maximize its profits	4.24	0.797
X6	The possibility of achieving profit is related to competitive factors and government regulations	4.13	0.854
Average	4.23		

4.2. Hypothesis

4.2.1. First Main Hypothesis

The first main hypothesis: There is a significant correlation between competitive advantage, as indicated by its dimensions, and the sales and profitability of service institutions.

Table 9. correlation between competitive advantage

Dependent Variable	Competitive Advantage	Overall Indicator
Cost Leadership	**Differentiation**	
Sales	0.098	0.411
Profitability	0.098	0.411

Table (9) presents the test of the validity of the first main hypothesis, which suggests the existence of a significant correlation between competitive advantage, as indicated by its dimensions, and the sales and profitability of service institutions. The table also shows the results of measuring the correlation to validate the sub-hypotheses derived from the first main hypothesis, as follows. The table indicates a significant correlation between competitive advantage and the sales and profitability of service institutions, with a correlation coefficient value of 0.320. This demonstrates the strength of the relationship between the variables, confirming what was highlighted in the theoretical framework of the research. This suggests that as service institutions increase their competitive advantages, their sales and profitability also increase. Thus, the first main hypothesis is accepted. Furthermore, the results of measuring the correlation validate the sub-hypotheses derived from the first main hypothesis, indicating that all correlation relationships were positive, with differentiation, sales, and profitability having the largest share of the relationship. Therefore, all the sub-hypotheses derived from the first main hypothesis are accepted.

4.2.2. Second Main Hypothesis:

There is a statistically significant causal relationship between competitive advantage, as indicated by its dimensions, and the sales and profitability of service institutions.

Table 10. Correlation between competitive advantage

Variable	**B**	**T**	**F**	**R^2**
Competitive Advantage	0.357	3.544	12.563	0.103

At the aggregate level, Table (10) provides insights into the results obtained from estimating the regression equation between the dependent variables (sales and profitability) and the independent variable, competitive advantage. It was found that there is a statistically significant effect of competitive advantage on the sales and profitability of service organizations. This was indicated by the regression coefficient value of 0.357, which is significant at the 0.05 significance level. This implies that for each unit increase in competitive advantage, the sales and profitability of the

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organizations increase by 0.357, a significant effect as demonstrated by the t-value of 3.57, which exceeds the critical value of 1.64 at the 0.05 significance level with 111 degrees of freedom. Additionally, the F-value of 12.56, which is greater than the critical value of 1.53, further supports the significance of the results. The dimensions of competitive advantage explained a significant portion of its effect on the sales and profitability of service organizations, as shown by the coefficient of determination (R^2 = 0.103). This means that the dimensions of competitive advantage explain 10.3% of the variation in sales and profitability, while the remaining portion is attributed to random variables that cannot be controlled or factors that are not included in the regression model. This supports the validation of the second hypothesis.

Table 11. Estimating the regression equation between the dependent variables (sales and profitability) and the independent variable, competitive advantage

Variable	B	T	F	R^2
Cost Leadership	0.081	1.033	1.067	0.010
Differentiation	0.450	4.735	22.417	0.169

At the individual level:

i. Cost Leadership's Impact on Sales of Service Organizations

The results indicate a statistically significant effect of cost leadership on the sales of service organizations. This is supported by a regression coefficient of 0.081, meaning that for each unit increase in cost leadership, the sales of the organizations increase by 8%. This effect is statistically significant with a t-value of 1.033, which exceeds the critical value of 1.02 at the 0.05 significance level with 111 degrees of freedom. Additionally, the F-value of 1.067, which is greater than the critical value of 1.53, reinforces the significance of the result. The coefficient of determination (R^2 = 0.010) suggests that cost leadership explains 1% of the variation in the sales of service organizations, while the remaining portion is attributed to random variables or factors not included in the regression model. This confirms the hypothesis at the individual level of the second hypothesis.

ii. Differentiation's Impact on Sales of Service Organizations

The results indicate that there is a statistically significant impact of differentiation on the sales of service organizations. For instance, the regression coefficient is equal to 0.450, meaning that as differentiation increases one unit, the sales of the organizations increase by 45 %. The effect is statistically significant since the associated t-value of 4.735 exceeds the critical value of 1.02 at 0.05 significance level and 111 degrees of freedom. Furthermore, the F-value of 22.417 is much greater than the critical value of 1.53 and thus supports the hypothesis regarding the significance of differentiation. The coefficient of determination (R^2 = 0.169) indicates that differentiation accounted for 16.9 percent of the differences in sales achieved by service organizations with the remainder due to random variables or factors that were not captured in the regression model. Thus, it proves the second hypothesis at the individual level.

Table 12. regression model

Variable	**B**	**T**	**F**	**R^2**
Cost Leadership	0.081	1.033	1.067	0.010
Differentiation	0.450	4.735	22.417	0.169

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iii. Cost Leadership's Impact on the Profitability of Service Organizations

On the individual level, sample evidence shows that cost leadership has a statistically significant effect on the profitability of service organizations. The regression coefficient of .081 indicates that for each unit increase in cost leadership, the profitability of the organizations increases by 8 percent. The effect is found to be statistically significant since the associated t-value of 1.033 which exceeds the critical value of 1.02 at the 0.05 significance level and 111 degrees of freedom. The coefficient of determination, $R^2=0.010$, indicates that cost leadership accounts for just 1% of the variation in profitability with the balance being attributed to random variables or those factors not captured in the regression model. This affirms the hypothesis on the individual level of the second hypothesis.

Table 13. Differentiation's Impact on the Profitability of Service Organizations

No.	Statement
1	The organization has clear plans for the development of sales rates.
2	The organization's sales increase by diversifying the services offered to customers.
3	The organization's sales are consistently increasing every year.
4	The organization achieves high sales by improving existing services.
5	There has been an increase in demand for the organization's services recently.
6	The organization works to increase its sales in the current market.

The results indicate a statistically significant effect of differentiation on the profitability of service organizations. This is shown by a regression coefficient of 0.450, meaning that for each unit increase in differentiation, the profitability of the organizations increases by 45%. This effect is statistically significant with a t-value of 4.735, which exceeds the critical value of 1.02 at the 0.05 significance level with 111 degrees of freedom. Furthermore, the F-value of 22.417, which is greater than the critical value of 1.53, reinforces the significance of the result. The coefficient of determination ($R^2 = 0.169$) indicates that differentiation explains 16.9% of the variation in profitability, while the remaining portion is attributed to random variables or factors not included in the regression model. This confirms the hypothesis at the individual level of the second hypothesis.

Table 14. Cost Leadership

No.	Statement
1	The organization's management focuses on making low-cost services or products more effective.
2	The organization pays attention to reducing expenses (salaries, stationery, rents).
3	The organization focuses on reducing costs by learning from past experiences.
4	The organization cares about reducing costs compared to competitors.
5	The organization strives to minimize supplementary services to save on non-essential expenses.
6	The organization effectively utilizes its various resources when providing services.

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Table 15. Sales

No.	Statement
1	The organization's management focuses on responding to all variables when offering products or services.
2	The organization offers services that are distinct from competitors.
3	The organization focuses on satisfying customer needs more than competitors.
4	The organization provides after-sales services appropriately.
5	Employees in the organization possess high-level skills and expertise that enable them to deliver services excellently.
6	The organization offers high-quality services.

Table 16. Profitability

No.	Statement
1	The organization works to increase its profit level from year to year.
2	Profitability contributes to improving the services offered by the organization.
3	The organization's profits stem from its distinction from competitors through its marketing performance.
4	The organization's profitability increases by attracting potential customers.
5	The organization strives to maximize its profits.
6	The possibility of achieving profit is linked to competitive factors and government regulations.

5. Conclusions and Recommendations

5.1. Conclusions

With regard to competitive advantages, the statistical analysis has shown that all service organizations surveyed quite heavily endorsed the dimensions taken in this research. The statistics concerning sales and profits revealed that the service organizations under study relied on dimensions adopted in this research. The information from statistical analyses concerned the degree to which organizations placed a lot of emphasis on differentiation pertaining to competitive advantage. In contrast, cost leadership was not accorded due attention by organizations. The statistical analysis revealed that the companies surveyed placed major emphasis on profitability whereas the sales received relative lesser attention. Analysis of the measurement tool data statistically identified that competitive advantages, achieving which gave rise to statistically significant correlations with sales and profitability. That is to say, the more the organizations under study focused on applying competitive advantages, particularly that of cost leadership and differentiation, the more favorable would be their outcome regarding sales and profits. All were positive correlating relationships, with the major strength of association among differentiation, sales, and profitability. The regression equation estimation of sales and profitability in relation to competitive advantage revealed a significant impact of competitive advantage on the sales and profitability of service organizations. This was evident from the regression coefficient value, which explained a significant portion of its impact on the sales and profitability of the organizations. The results of measuring the level of competitive advantage show an ability to adapt to the requirements of sales and profitability in the studied organizations, which strive for excellence. Thus, these organizations possess competitive advantages that enable them to excel in their operations despite intense competition. There is no single pattern of competitive advantages shared by all organizations in the sample. Instead, their patterns vary in different proportions, changing according to the opinions, ideas, and suggestions of the managers.

5.2. Recommendations

It is essential for the management of the organizations under study to place more focus on competitive advantages, especially cost leadership, as a key area of contemporary literature, being the most crucial source for increasing sales and profitability. This can be achieved through holding periodic workshops to monitor the implementation of competitive advantage dimensions.

Iraqi service organizations should prioritize studying and analyzing the environment and the changes occurring within it, and respond accordingly by adapting to those changes. This requires these organizations to utilize competitive advantages that enable them to achieve high sales and profitability by offering competitive services that meet customer needs and strengthen the organization's competitive position in the market.

Conduct regular studies of the surrounding environment and markets of service organizations to understand all their variables, which can be incorporated into the competitive advantage framework.

Service organizations should prioritize marketing, particularly service marketing, due to the significant global expansion of marketing sectors in service organizations. This necessitates establishing service marketing departments within these organizations and ensuring their activation beyond a symbolic presence.

It is crucial for the management of service organizations to receive support from top management to enhance competitive advantage at a general level, while also activating its role at the sub-advantage level, particularly in cost leadership. Furthermore, there is a need for more changes in the competitive advantage strategies.

Raise awareness among managers and employees in the studied organizations regarding the correlation and impact relationships between the dimensions of competitive advantage and the sales and profitability of the organizations.

The management of the organizations under study should increase their focus on the concept and types of competitive advantages, as well as how to increase sales and profitability. This will contribute to the sustainability and growth of the organizations in highly competitive markets.

Reassess the organizational and administrative structure of service organizations to ensure that the right people are in the right positions.

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