Assessing the Mediating Effect of Competitive Advantages in the Relationship between Marketing Strategy and Firm Performance of the Ethiopian Textile Manufacturing Industry

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Abstract

The study assessed the mediating effect of competitive advantages in the relationship between marketing strategy and firm performance. Specifically, the study aimed to investigate the indirect effect of marketing strategy to firm performance through competitive advantage. An explanatory research design was employed to assess the causal relationship between the independent variable, mediating variable, and dependent variable. both probability and nonprobability sampling techniques were used to select the proper respondents from the target populations. IBM SPSS Amos Version 25 software was used to analyze the data. The structural equation model (SEM) was used to analyze the mediating effect of competitive advantages in the relationship between marketing strategy and firm performance. The finding of the study revealed that the indirect effect of marketing strategy on firm performance was positive and significant (b=1.551, t= 4.65, P < 0.001). Furthermore, the direct effect of marketing strategy on firms' performance in the presence of a mediator was also found significant (b=0.460, P < 0.001). Hence competitive advantage partially mediated the relationship between marketing strategy and firm performance. Therefore, giving emphasis to marketing strategy and competitive advantage promptly improves the firm performance.

<u>**Keywords:**</u> *Competitive advantage, Firm Performance Marketing Strategy, Place Strategy, Price Strategy, Product Strategy, and Promotion Strategy*.

1. Introduction

Globally, there is a growing demand for the Textile Manufacturing Industry as a critical strategy for poverty reduction. Allied with this Substantial research interest has been generated in the firm performances of textile manufacturing industries in different Countries across the world. Previous studies have found that the world's top producers of textile goods like China, India, and European countries have commenced numerous policies, directions, and strategies which helped them to promote, distribute and support the growth and expansion of Textile manufacturing industries (Abdulrahman *et al.*, 2019).

Particularly, the Chinese government has used a twofold strategy. The first strategy was for the state to try to maintain its competitive advantage in labor-intensive textile products by supporting the relocation of Chinese textile production bases to poorer Chinese provinces and adjacent least-developed countries. The second strategy was the Chinese government launched several policies, pushing the Chinese textile firms to create capital-intensive textile goods, niche products, and international brands (Luca and Soohe, 2016; Ravindra and Allene, 2019; Astrid, 2019).

Furthermore, China, whose market share exceeds 50% of global exports, is pushing out the majority of its rivals through a combination of low and declining relative pricing and non-price policies meant to increase export volumes. Thus, since the mid-2000s China becomes the world's biggest provider of textile products (Coffi, 2015; Charles, et al., 2014). Additionally, in less than a decade, China replaced Europe as the world's largest Textile manufacturer and exporter, currently providing one-third of the world with textiles and apparel (UNCTAD, 2019). However, the product strategy, price strategy distribution strategy, and promotional strategy of the firms were not mentioned in the aforesaid studies.

Moreover, the study by Colon (2019) found that In India, about 27 percent of the country's foreign exchange comes from textile exports and it contributes to nearly 14 percent of the total industrial production of the country. Another study conducted by Dahl, et al., (2019) revealed that in India textile manufacturing industry is the leading industry and highly competitive industry in both domestic and international Markets. Globally Indian Textile Manufacturing industry is the second largest industry next to China in the production of textile goods; which is contributing about 21.5% of world textile production. (Dahl, et al.,2019). But, none of the above-

mentioned studies discussed the mediating effect of competitive advantage on the relationships between marketing strategy and firm performance in the textile manufacturing industry.

Similarly, in Ethiopia, the government has focused primarily on the development of Industrial Parks and predominantly on the development of textile manufacturing Industries due to its strategic and comparative advantage to the country (Alebel et al., 2017). Thus, Industrial Parks have both short-term and long-term economic benefits. Among the short term, attracting investment; Improving Export; employment Creation were mentioned. Among the long-term, economic benefits, the promotion of nontraditional economic activities; hard and soft technology transfers; encouragement of domestic entrepreneurialism; Promotion of economic openness were mentioned (Arkebe., 2018; Yohannes and Liyla, 2020). the study conducted by Sector Research Ethiopia (2019) revealed that Textile and garments are the top products currently manufactured in Ethiopian industrial parks, with 81(57%) out of the 141 active firms. However, the study did not examine the mediating effect of competitive advantage on the relationships between marketing strategy and firm performance in the case of the textile manufacturing industry in selected industrial parks, in Ethiopia

In general, as it can be seen from the research finding of the aforementioned studies, the performance of the Ethiopian textile manufacturing industry is not satisfactory. As a result, as it is the case in many Sub-Saharan African countries, the Ethiopian textile sectors have suffered a decline in sales in recent years largely due to the inability to compete in the face of low-cost and high-quality production in Asia (Singh et al., 2016; Karan, 2018). the study conducted by Merertu et al., (2019) revealed that the performance of Ethiopian textile manufacturing industries could not meet the expectation of the country; which is reducing poverty by creating enormous job opportunities, increasing the availability and accessibility of textile goods to the domestic market with affordable price and increasing the volume Export of textile goods (Teshome & Fikadu, 2020). To the knowledge of the researcher, none of the above-mentioned studies have assessed the mediating effect of competitive advantages in the relationship between Marketing strategy and Firm performance of the Ethiopian Textile Manufacturing industry. Therefore, the study aimed to investigate the indirect effect of marketing strategy to firm performance through competitive advantage.

2. Literature review

In this study, Both theoretical and Conceptual literature were reviewed respectively.

2.1. Theoretical Literature Review

Today, where the world is being recognized as a global village, marketing has become vital for every business's success (Singh, 2011). Thus, it is almost difficult for every competitor to survive in the market for a prolonged period because competition is cut to the throat, and Change or die is the core faith of marketing (Taormina & Gao, 2013). Respectively according to Reykjavík (2015), Right Marketing Strategy is something that helps companies to achieve marketing objectives. Therefore, Neil, et al., (2019) conceptualized marketing strategy as encompassing the strategy decisions and actions and strategy-making and realization processes concerning a firm's desired goals over a future period, and the means through which it intends to achieve them including selecting target markets and customers; identifying required value propositions; and designing and enacting integrated marketing programs to develop, deliver, and communicate the value offerings.

2.1.1. Resource-Based View (RBV) Theory

The RBV is a theory about the nature of firms, as opposed to theories such as transaction cost economics which seeks to explain why firms exist. According to Barney (2003), Resource Based Theory aims at showing the importance of firm-specific resources in achieving sustainable competitive advantage and, hence, superior performance. Moreover, Barney (1991) and Amit and Shoemaker (1993) found that Resource Based view theory recognized that an organization can be considered as a collection of physical, human, and organizational resources.

According to Jeandri., (2021), the survival of a firm is dependent on its ability to create new resources, develop and expand its capabilities, and ensure that its capabilities are inimitable to maintain competitive advantage. Therefore, from the aforementioned theoretical perspectives the theory of RBV is associated with different disciplines among that, The Resource Based View (RBV) analyzes and interprets internal resources of the organizations and emphasizes resources and capabilities in formulating a strategy to achieve sustainable competitive advantages (Barney, 2018).

2.1.2. Theories of competitive advantage

In today's dynamic market, competitive advantage has received sufficient attention from firms because it significantly contributes to a firm's financial and market performance. Lechner & Gudmundsson (2014) argued that firms can acquire competitive advantage and superior performance using two major strategies: differentiation strategy and cost leadership. Hence, the

differentiation Strategy enables firms to gain a differential-based advantage by offering unique and novel products to customers. On the other hand, Cost Leadership Strategy enables firms to achieve a cost-based advantage by reducing various costs associated with materials, product development, marketing expenses, operations, suppliers, wages, and management which in turn gives the advantage of higher performance (Udriyah et al., 2019).

2.2. Empirical Literature Review

2.2.1. Marketing Strategy, Competitive Advantage, and Firm Performance

Among the various components of Marketing strategy, the study focused on Marketing Mix Strategy. Hence, the marketing mix strategy is incorporated with the 4Ps which are Product, Price, Place, and Promotion strategy. these four strategies are used by an organization for reacting in a market as well as in the internal forces which helps in enabling the organization to reach its mission and objective (Stavros and Stelios, 2021)

Product strategy is the first element of the marketing mix and affects the other three elements of the mix due to its nature and attributes (Owomoyela, et al., 2013; OCCI, 2016). Therefore, With the right and effective product strategies, the organization can attract a huge number of customers to buy their product as well as increase their sales and organization performance (Khalid Suidan, 2018). furthermore, Przygoda (2017) found that the company needs to standardize the quality of their product when they want to market their product broadly and at the same time customers receive the same measurement quality of the product without any defect.

Hashim, N., & Hamzah, (2014) found that price strategy is the second element in the marketing mix concept and it is conceptualized as the amount the consumer must exchange to receive an offering. According to Thabit & Raewf, (2018), Various factors affect the pricing strategy of an organization, including the cost of materials, product differentiation, competition level, market share, and the customer's perceived value of the product.

On the other hand, the place strategy was conceptualized as the mechanism through which goods and services are moved from the provider or manufacturer to the consumer. therefore, the place strategy is one of the third marketing mix elements and includes distribution channels, warehousing facilities, mode of transportation, location, assortment, convergence, logistics, and inventory control management (Owomoyela, et al., 2013; OCCI, 2016).

Further, the study conducted by Muchiri (2016) found that the distribution channels comprise all those activities that contribute to the delivery of the product or service to the customer, and also

these channels help the organization to promote, sell, and distribute its goods to final buyers, such as resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

Promotion is one of the most powerful elements in the marketing mix. It means to communicate and persuade the target market by identifying the needs of the target segment to buy the company's products (Owomoyela, et al., 2013). The empirical evidence shows that the promotion concept includes all marketing activities used to inform, persuade, and remind the target market about a firm and its products or services, in such a way as to build a favorable image in the mind of the customer (Hashim & Hamzah, 2014).

 In the same context, Przygoda (2017). Contextualize promotion as human activities based on a communication process that can be directed via personal selling points or indirectly via advertising messages through the media. Accordingly, the study found that the main objective of the promotion process is to identify the firm and its products or services for the target market and to increase the level of purchasing. The brand establishment and the brand name are based on the promotion process.

Competitive Advantage is the initiative that differentiates an organization from another by increased profitability. It is known as the advantage that a company has over its rivals, prompting an increase in sales (Abdul, 2018; Dissanayake and Premaratne, 2020). Additionally, a marketing strategy is a plan made to appeal to consumers and fit the present market. It is similarly known as the procedure which allows the facility to operate its limited occasion to increase sales and to reach a competitive advantage opportunity (Abdullah, 2015; Muchiri, 2016).

A past study found that Competitive advantage is obtained when an organization develops or acquires a set of attributes (or execution actions) that allow it to outperform its competitors (Madsen and Leidlein, 2015). Similar research conducted by Ceglinski and Wisniewska (2016) Confirmed that competitive advantage is revealed, when the activities of a given organization are more profitable than those of its market competitors or when it outperforms them as regards other significant results of activities, including, for example, the share in the market, product quality or technological advancement. Essentially, a lot of enterprises are not able to exceed such prescribed standards (Fain, et al., 2016).

According to Pawel (2017) a strong relationship exists between Competitive advantage and firm performance. Accordingly, the study revealed that competitive advantage determines the

sustainability of the firm within a business. Moreover, competitive advantage dimensions such as Differentiation Strategy and Cost leadership mediate the relationship between marketing strategy and Firm Performance (Sidi and Haim, 2018). The study also confirmed that marketing strategy has a direct and indirect impact on the firm performance. Based on this analysis, the following hypothesis was tested using the Structural equation model.

H_{a1}: Competitive advantage has a significant mediating effect on the relationship between marketing strategy and firm performance in the Textile manufacturing industry

3. Research Methodology

The study used an explanatory research design to examine the Mediating Effect of competitive advantage in the relationship between marketing strategy and firm. A quantitative research approach was employed in the study. Further, the target population of the study was the employees of the textile manufacturing industries who are working in the selected industrial parks, in Ethiopia. As a result, Bole Lemi Industrial Park I and Adama Industrial Park were selected as the target population of the study.

Both probability and nonprobability sampling techniques were used to select the target respondents. Consequently, among the government-owned industrial parks, two industrial parks that have textile manufacturing industries with the best performance were selected. Moreover, the census was used to select all textile manufacturing industries which are available in both industrial parks. Finally, a simple random sampling technique was used to select the respondents from the above-mentioned Textile manufacturing industries

For determining the sample size from the workers of the selected textile manufacturing industry, the researcher used the following formula which is suggested by Kothari (2004).

$$= \frac{N*p*q*z^2}{e^2(N-1)+p*q*z^2}$$

Where:

N = Target population

e = tolerance at the desired level of confidence, at 95% level (0.05)

 n = sample size

Z= is precision (1.96 at the desired level of confidence, at 95% level (0.05)

P = is proportion to be included in the sample (let 50% be included thus, p=0.5)

 q = Is 1-p (1-0.5=0.5)

To check the finite population connection (FPC) the determinant sample size will be divided for the population. If the result is greater than 5 % (i.e., c=n/N >5%N), FPC is used to adjust   the final sample size (Kothari, 2004). Therefore, the following formula will be used to draw the final sample size. $\mathbf{nf} = \frac{n}{1+c}$

 Where: c= n/N and   nf = final sample size

Thus,

$$n = \frac{25,063*0.5*0.5*1.96^2}{0.05^2(25,063-1)+0.5*0.5*1.96^2} = \frac{24,070.5}{62.65+0.9604} = 378$$

$$nf = \frac{378}{1+0.01508199} = 372$$

Based on the above sample size determination formula, three hundred seventy-two (372) respondents were selected as a sample size.

The study used Marketing strategy as an independent variable, competitive advantage as mediating Variable, and Firm performance as a Dependent variable. both primary and secondary sources of data were used in the study. Specifically, the primary source of data was collected from officers of the company, company Managers, and customs and transit officers using structured questionnaires.

Structural equation modeling was used to analyze the data and aided by IBM SPSS AMOS statistical software version 25.

4. Validity and reliability test

Both Convergent validity and Discriminant Validity were tested to check the exactness of the data. According to Bagozzi & Yi, (1988) and Fornell & Larcker, (1981) the best method of examining convergent validity is to examine the average variance extracted (AVE) In order to be valid, the AVE should achieve the threshold of 0.5 and above. The two procedures used to assess discriminant validity are (1) item cross-loadings; and (2) the ratio of the square root of the AVE of each construct to the correlations of this construct to all other constructs. Further, Diamantopoulos et al., (2012) stated that the rule of thumb for composite reliability should be higher than 0.70**.** using theaformentiond rule of thumbs, the study Assessd both validty and reliability test.

Figure 1: Validity test

Source: Researcher own Survey, 2022

The above figure 1. Showed independent variable (Marketing Strategy), Mediating Variable (Competitive Advantage), and Dependent variable (Firm Performance). As it can be seen from the above figure, Marketing Strategy has four dimensions (Product strategy, Price strategy, Place strategy, and Promotion strategy). Each dimension has its own factor loading. Further, Competitive advantage has two dimensions (Differentiation strategy and Cost leadership). Therefore, the researcher has used both Convergent and discriminant Validity test to evaluate the accuracy of the data.

Convergent validity

According to Bagozzi & Yi, (1988), the best method of examining convergent validity is to examine the average variance extracted (AVE) In order to be valid, the AVE should achieve the threshold of 0.5.

Table1: Convergent Validity test

Indicators Variables		Latent Variables	Standardized Loading	Square of Standardized Loading	The Sum of Squared Loading	No of Indicators	AVE
Prom.Str.	<---	MS	0.844	0.7123			
Plac.St.	<---	MS	0.95	0.9025			
Price.Str.	<---	MS	0.937	0.8779	3.3614	4	0.840
Produ.Str.	<---	MS	0.932	0.8686			
CostL.	<---	CA	0.186	0.0345	1.0206		
Deaf.str.	<---	CA	0.993	0.9860		2	0.510
Profit	<---	FP	0.357	0.1274	3.3530		
Sales vol.	<---	FP	1.796	3.2256		2	1.676

Source: Researcher own Survey, 2022

From, the above-mentioned table the result of the average variance extracted (AVE) value for three variables: Marketing strategy, Competitive advantage, and Firm performance are greater than 0.5. Particularly, the AVE value for a marketing strategy is 0.8403, the AVE value for Competitive advantage is 0.5103 and the AVE value for Firm sales performance is 1.67. thus, according to the rule of thumb, there is no convergent Validity issue in the study. This allowed the researcher to Proceed to the next phases.

Discriminant Validity

According to Gefen & Straub, (2005), if the result of the square root of AVE is greater than the result of cross Correlation, there is no Discriminant Validity issue

Table 2: Discriminant Validity test

Indicators variables		Latent Variables	Standardized loading	Square of standardized loading	The sum of squared loading	No of indicators	AVE	The square root of the AVE
Prom.Str.	<--	MS	0.844	0.712336				
Plac. St.	<--	MS	0.95	0.9025				
Price. St.	<--	MS	0.937	0.877969				
Product St.	<--	MS	0.932	0.868624	3.3614	4	0.8403	0.91
Cost lead.	<--	CA	0.186	0.034596	1.0206			
Deaffer.St	<--	CA	0.993	0.986049		2	0.5103	0.71
Profit	<--	FP	0.357	0.127449	3.3530			
Sales V.	<--	FP	1.796	3.225616		2	1.6765	1.29

Source: Researcher own Survey, 2022

Therefore, the Discriminant validity test analysis result revealed that the value of the result of the square root of the AVE is greater than the result of cross correlation. therefore, there is no Discriminant Validity issue.

Reliability test

According to Diamantopoulos et al., (2012), the rule of thumb for composite reliability should be higher than 0.70**.** Additionally, according to those Authors, the value of composite reliability which is available between 0.60 to 0.70 is considered acceptable. Respectively the following table clearly shows the result.

Table 3: Reliability test

			Standardized loading (A)	Square of standardized loading	Measurement error (1-A)	A sum of measurement error	The sum of Standardized loading	Square of Standardized loading (C)	C+ME	Composite reliability C/C+ME
Prom.Str	<--	MS	0.844	0.712	0.2876	0.638	3.663	13.417	14.05	0.954
Plac.St	<--	MS	0.95	0.902	0.0975					
Pric.St.	<--	MS	0.937	0.877	0.1220					
Prod. St.	<--	MS	0.932	0.868	0.1313					
Costlead.	<--	CA	0.186	0.0345	0.9654	0.979	1.179	1.3900	2.377	0.6004

Diffe. St.	<--	CA	0.993	0.9860	0.0139					
Profit	<--	FP	0.357	0.1274	0.8725					
Sales.Vol.	<--	FP	1.796	3.2256	-2.2256	1.353	2.153	4.6354	3.282	1.4122

Source: Researcher own Survey, 2022

The above table indicates the result of composite reliability. Respectively, according to the rule of thumb designed by Fuchs, Wilczynski, & Kaiser, (2012), if the value of composite reliability should be higher than 0.60, it is acceptable. Therefore, the result of composite reliability for marketing strategy is 0.95, the result of composite reliability for competitive advantage is 0.60 and the result of Composite reliability for Firm performance is 1.41. This shows that there is no problem of reliability issue. And the data is reliable and enable the researcher to run the analysis.

4. Result and Discussion

4.1. Model Fitness Test

After conducting both reliability and validity tests, the model fitness test was conducted before the hypothesis test.

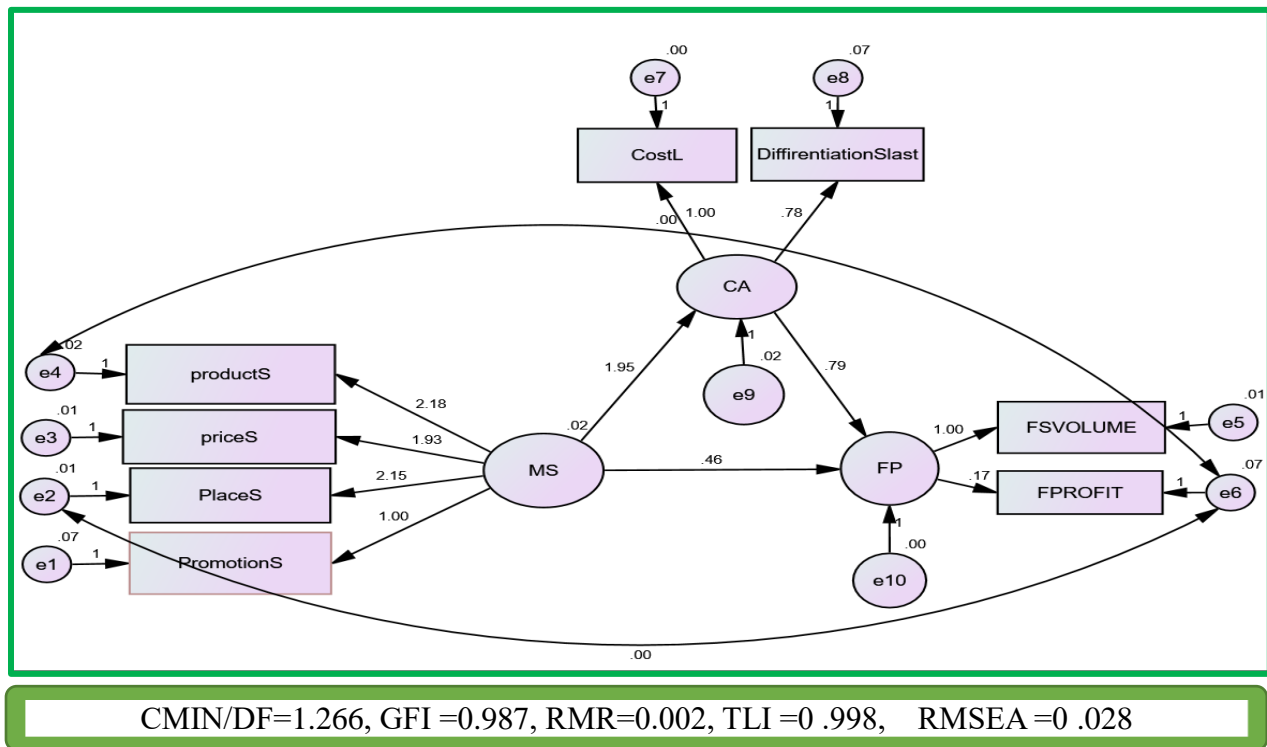CMIN/DF=1.266, GFI =0.987, RMR=0.002, TLI =0 .998,   RMSEA =0 .028

Figure 1: Model test the mediating Effect of CA in the R/ship B/n MS and FP
Source: researcher own survey, 2022

From the above Figure, the following result is generated using IBM SPSS AMOS Version 25.

Table 4: Model fitness for the mediating effect of CA in the r/ship b/n MS and FP

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	21	18.997	15	.214	1.266
Saturated model	36	.000	0		
Independence model	8	3298.836	28	.000	117.816
Model	**RMR**	**GFI**	**AGFI**	**PGFI**	
Default model	.002	.987	.968	.411	
Saturated model	.000	1.000			
Independence model	.065	.266	.056	.207	
Model	**NFI** **Delta1**	**RFI** **rho1**	**IFI** **Delta2**	**TLI** **rho2**	**CFI**
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000
Model	**RMSEA**	**LO 90**	**HI 90**	**PCLOSE**	
Default model	.028	.000	.061	.840	
Independence model	.584	.567	.600	.000	

Source: Researcher Own survey,2022

A Structural Equation model generated through AMOS was used to test the relationship. A good fitting is accepted if the value of the CMIN/df is < 5, the goodness of fit (GFI) indices (hair et. al,.2010); the Tucker and Lewis (173), indices (TLI); the confirmatory fit index (CFI)(Bentler,1990), is >0.9(hair et al.). In addition, an adequate fitting model was accepted if the AMOS computed value of standardized root mean square residual (RMR) < 0.05, and the root mean square Error Approximation (RMSEA) is between 0.05-0.08(hair et al.,2010). the fit indices for the model shown in Table 4 fell within the acceptable range: CMIN/DF=1.266, GFI =0.987, RMR=0.002, TLI =0 .998, and   RMSEA =0 .028.

4.2. Analysis of the Mediating Effect of Competitive Advantage in the Relationship between Marketing Strategy and Firm Performance.

The mediating effect of competitive advantages in the relationship between marketing strategy and firm performance of Ethiopian textile manufacturing industry is analyzed and interpreted

sequentially. In the study, marketing strategy is used as the independent variable, Competitive advantage is used mediating variable, and Firm performance is used as the dependent variable.

Table 5: Indirect Effects for the mediating effect of CA in the r/ship b/n MS and FP

	MS	CA	FP
Competitive Advantage	.000	.000	.000
Firm Performance	1.551	.000	.000
Differentiation strategy	1.523	.000	.000
Cost Leadership	1.953	.000	.000
Firm Profit	.351	.139	.000
Firm sales Volume	2.011	.794	.000
Product Strategy	.000	.000	.000
Price Strategy	.000	.000	.000
Place Strategy	.000	.000	.000
Promotion Strategy	.000	.000	.000

Source: researchers' own survey, 2022

The indirect effect of Marketing Strategy (MS) to Firm Performance (FP) through Competitive Advantage (CA) is 1.551. thus, the study has identified the indirect effect. however, the researcher still needs to know if the indirect effect is significant and if it falls within the 95% confidence Interval generated by Bootstrap.

Table 6: Indirect Effects - Lower Bounds (BC)

	MS	CA	FP
CA	.000	.000	.000
FP	1.206	.000	.000

Table 7: Indirect Effects - Upper Bounds (BC)

	MS	CA	FP
CA	.000	.000	.000
FP	2.061	.000	.000

The above table revealed that with the indirect effect of Marketing Strategy (MS) to Firm Performance (FP) through Competitive Advantage (CA) the lower bound confidence interval is 1.206 and the upper bound is 2.061. since there is no Zero between LB and UP CI, this shows significant Indirect effects. Thus, this shows the presence of a certain mediation effect.

Table 8: Indirect Effects – Two-Tailed Significance (BC)

	MS	CA	FP
Competitive Advantage	...	...	...
Firm Performance	.001	...	...
Differentiations	.004	...	...
Cost Leadership	.004	...	...
Firm Profit	.003	.002	...
Firm Sales Volume	.004	.002	...
Product Strategy	...	...	...
Price Strategy	...	...	...
Place Strategy	...	...	...
Promotion Strategy	...	...	...

The P - value for the indirect effect of Marketing Strategy (MS) to Firm Performance (FP) through Competitive Advantage (CA) is 0.001. in this case, the P value is = 0.05, which is < 0. 05. Thus, Competitive advantage mediates the relationship between Marketing Strategy and Firm Performance. Therefore, it is possible to conclude that Marketing strategy has a significant indirect effect on firm performance through Competitive Advantage.

Table 9: Indirect effect of MS on FP through CA

			Estimate	S.E.	C.R.	P	Label
CA	<---	MS	1.953	.190	10.264	***	par_6
FP	<---	MS	.460	.099	4.650	***	par_7
FP	<---	CA	.794	.044	18.163	***	par_8

Source: researchers' own survey, 2023

The indirect effect of Marketing Strategy to Firms Performance through competitive advantage is 1.551 **(1.953*0.794).** That is, due to the indirect effect of marketing strategy on Firm performance when marketing strategy goes up by 1, Firm performance goes up by 1.551. This is

in addition to any direct (unmediated) effect that marketing strategy may have on Firm performance**.**

Therefore, from the above result, it is possible to conclude that, the indirect effect is significant. But, the type of mediation is not Presented. The researcher tried to Assess the type of mediation. Accordingly, table 9 revealed that the result of the confidence interval for the direct Path from Marketing Strategy to Firm Performance is statistically significant. Therefore, the marketing strategy has a significant direct relationship to the Firm's Performance (b=0.460, P < 0.001). This designated that when Marketing Strategy goes up by 1, Firm Performance goes up by 0.46. This is in addition to any indirect (mediated) effect that Marketing Strategy may have on Firm Performance. This indicates that the effect of Marketing Strategy on Firm performance is Partially mediated through Competitive Advantage.

Table 10: Total Effects (Group number 1 - Default model)

	MS	CA	FP
CA	1.953	.000	.000
FP	2.011	.794	.000

Source: researchers' own survey, 2023

Moreover, the above table 10 showed that the total (direct and indirect) effect of Marketing Strategy on Firm performance is 2.011(1.551 + 0.46). That is, due to both direct (unmediated) and indirect (mediated) effects of Marketing Strategy on Firm performance, when Marketing Strategy goes up by 1, Firm Performance goes up by 2.011.

4.3. The Mediation Analysis

The study assessed the mediating effect of Competitive Advantage on the relationship between Marketing strategy and Firms Performance. The result revealed the significant Indirect effect of Marketing strategy on Firm Performance was Positive and significant (b=1.551, t= 4.65, P < 0.001), supporting hypothesis Ha_1. Furthermore, the direct effect of Marketing Strategy on Firms' Performance in the Presence of a mediator was also found significant (b=0.460, P <

0.001). Hence Competitive advantage Partially Mediated the relationship between Marketing Strategy and Firm Performance. Compared to Direct and indirect effect of marketing strategy on firm Performance, the indirect effect of Marketing Strategy is greater than the direct effect of Marketing strategy on the firm Performance. (1.551> 0.46). therefore, Competitive advantage has a significant and worthwhile mediating effect to improve the firm Performance. Further, the mediation Analysis Summary is presented in Table 11.

Table 11: Mediation Analysis summary in the r/ship b/n MS and FP

Relationship	Direct Effect	Indirect Effect	Total Effect	Confidence Interval		P-Value	Conclusion
Marketing Strategy ----->Competitive Advantage-----> Firms Performance	0.460 (0.001)	1.551	2.01	Lower bound	Upper bound	0.001	Partial Mediation
				1.206	2.061		

Source: researchers' own survey, 2023

5. Conclusion and Recommendation.

The study assessed the mediating effect of competitive advantages in the relationship between Marketing strategy and Firm performance of the Ethiopian Textile Manufacturing industry. The study used Marketing strategy as an independent variable, competitive advantage as mediating Variable, and Firm performance as a Dependent variable. Thus, an Explanatory research design was used to analyze the causal relationship between the independent variable, Mediating variable, and the dependent Variable. The Mediating effect of competitive advantages in the relationship between marketing strategy and firm performance was examined using a structural equation model and IBM SPSS Amos soft version 25 was used as a data analysis tool. Convergent and discriminant validity were used to test the consistency of the data. Respectively, the study investigated a composite reliability test to check the Sustainability of the accuracy of the data.

Moreover, the model fitness test was so good and it allows the researcher to proceed to data analysis. Finally, the finding of this study showed that the Indirect effect of Marketing strategy on Firm Performance was Positive and significant (b=1.551, t= 4.65, P < 0.001). Furthermore,

the direct effect of Marketing Strategy on Firms' Performance in the Presence of a mediator was also found significant (b=0.460, P < 0.001). Therefore, based on the study finding the research concluded that Competitive advantage Partially Mediated the relationship between Marketing Strategy and Firm Performance. Finally, the study concluded that The Mediating effect of competitive advantages in the relationship between marketing strategy and firm performance was Positive and significant. Therefore, giving emphasis to marketing strategy and competitive advantage promptly improves the firm performance of textile Manufacturing Industries.

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