


# Chapter 3

## Mediation of CRM in the Relationship Between SWOT Analysis and Competitive Advantage in Manufacturing Firms: Ethiopia

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### ABSTRACT

*The study examines linkages between SWOT analysis and Customer Relationship Management (CRM) and Competitive Advantage at the organizational level. Organizations must use SWOT analysis as their base foundation to execute CRM*

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*practices successfully which helps them understand both internal capabilities and external competitive risks within their domain. Strategic decision-making benefits highly from SWOT analysis since its connection to Competitive Advantage involves a path coefficient measurement of .42. SWOT analysis performs an indirect action on Competitive Advantage through CRM which produces a combined path effect measurement of .90 after including direct and indirect impacts. While CRM substantially diminishes the connection between SWOT and Competitive Advantage there remains a residual direct effect which qualifies as partial mediation. The research shows organizations must unite SWOT analysis approaches with CRM strategies to achieve their best in customer relationships and market performance.*

## **INTRODUCTION**

SWOT analysis together with competitive advantage in manufacturing companies currently draws major international interest as firms strive to function successfully in uncertain markets. The strategic framework used for making decisions utilizes SWOT analysis through integrated evaluations of internal Strengths and Weaknesses and external Opportunities and Threats. The SWOT analysis framework first appeared during the 1960s as organizations needed a tool to select appropriate strategic positions and make well-informed decisions. SWOT analysis maintains a heightened significance in contemporary fast-moving business operations since companies need to respond quickly to changing conditions (Alkhaldeh, 2024).

Business research shows that SWOT analysis helps multiple industries develop better competitive advantages. Organizations using this framework record improved performance because they exploit their strengths while minimizing their weaknesses according to research (Emon et al., 2025). Research on Customer Relationship Management (CRM) as a mediating factor is insufficient in both developing nations such as Ethiopia and within this context. Much like CRM the strategic method of customer relationship management CRM should play a central role because it affects the SWOT analysis relationship to competitive advantages (Ariyahya et al., 2023).

Manufacturing firms located in Ethiopia encounter multiple obstacles which make it difficult to use SWOT analysis effectively. The difficulties faced by Ethiopian companies include restricted resource availability along with insufficient market knowledge and shortages of qualified experts. The implementation of CRM practices within strategic frameworks presents a challenge to firms since this hampers their ability to use SWOT analysis efficiently. The research opportunity exists because SWOT analysis implementation needs to study how various elements collectively affect practitioners in manufacturing industries (Al Shraah et al., 2024).

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