Antecedents and outcomes of import strategy: the moderating role of competitive intensity and strategic pro-activeness

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Abstract
Drawing on the Resource-based View of the firm, we propose and test a conceptual model of the drivers and outcomes of import strategy. Data, collected from 195 British importers of manufactured goods, were analyzed using structural equation modeling. Study results indicate that the existence of certain resources (i.e., human, financial, informational) and capabilities (i.e., source identification, adaptive, market development) of importing firms are conducive to the development of sound import strategies. In turn, the latter help the importer to achieve superior product differentiation and cost-based competitive advantages, although these were found to be contingent on home competitive intensity and the firm's strategic pro-activeness. Finally, it was revealed that both product differentiation and cost-based advantages have a favorable impact on the importer's financial performance.

Keywords: Importing; competitive advantage; organizational performance; RBV

Introduction

Import trade has experienced an exponential growth in recent decades as a result of the accelerated globalization of the world economy, fierce competition on a global scale, breakthroughs in transportation, communication, and information technologies, and the increasing propensity by many firms to shift their production facilities to other countries (Knudsen & Servais, 2007; Swamidass, 1993; Trent & Monczka, 2005). Organizations have also increasingly recognized the strategic role of purchasing from abroad in securing products, raw materials, and services at lower cost, better quality, and greater variety, improving in this way their performance (Trent & Monczka 2002, 2003). In fact, many firms nowadays are concerned with the effective and efficient management of the importing process, rather than with the question of whether to import or not (Murray, 1996).

In light of the above trends, this study focuses on the mechanism of how resources and capabilities can improve the financial performance of importers, through the development of sound import strategies and the development of superior competitive advantages. Specifically, our objectives are threefold: (a) to assess the influence of specific import-related resources (i.e., human, financial, and informational) and capabilities (i.e., source identification, adaptiveness, and market development) on implementing sound import strategies; (b) to test the effect of this import strategy on the creation of competitive advantage derived from product differentiation and/or cost leadership, and their subsequent impact on financial performance; and (c) to explore the moderating role of competitive intensity and strategic pro-activeness on the link between import strategy and competitive advantage.

Background research

Strategic aspects of importing has been one of the most attractive streams of research within the domain of international purchasing (Aykol, Palihawadana, & Leonidou 2013). In fact, most studies try to shed

light on the performance implications of import strategy (Bozarth et al., 1998; Chryssochoidis & Theoharakis, 2004; Kotabe et al., 1998; Mol et al., 2005; Murray et al., 1995; Petersen et al., 2000; Skarmeas & Katsikeas, 2001), since this reflects the firm's success or failure in international purchasing activities. Another line of research focused on governance mechanisms, particularly examining the decision on internal *versus* external and intra-firm *versus* inter-firm sourcing, given the transaction costs involved (e.g., Buvik & Andersen, 2002; Enderwick, 2009; Kotabe et al., 1998; Murray & Kotabe, 1999). Following its wide acceptance in the domestic organizational literature, research has also been increasingly conducted on the applications of Resource-based View theory in the importing context, with particular emphasis on the association between resources and/or capabilities, strategy, competitive advantage, and performance (Griffith et al., 2010; Ha-Brookshire & Dyer, 2009; Yalcinkaya et al., 2007). However, while most studies tend to focus on firms' import-related resources, only a few have considered the influence of resources beyond the official boundaries of the firm, such as suppliers' competitive advantage (Steinle and Schiele 2008). A final set of studies investigated various dimensions of the importing strategy, particularly focusing on the types and characteristics of products to be imported (Chassin & Jaffe, 1987; Cho & Kang, 2001; Min & Galle, 1991), asset specificity issues relating with global sourcing (Kotabe, 1993; Kotabe & Murray, 2004; Kotabe et al., 1998), costing/pricing of imports operations (usually examined in conjunction with foreign exchange rate fluctuations) (Naeslund, 1981; Vickery et al., 1993), delivery of products from abroad to the home market (Das & Handfield, 1997; Levy, 1995; Murphy & Daley, 1994; Zeng, 2003), and promoting products to the importing country (Bradley, 2001; Jones et al., 1992). Despite these efforts, there is little understanding of the whole mechanism describing the specific resources and capabilities required by importing firms to formulate their strategies in a way to gain a sustainable competitive advantage and enhance their financial performance.

Model, theory, and hypotheses

Figure 1 shows the conceptual model of our study, which comprises six sets of variables, namely import-related resources, import-related capabilities, import strategy, competitive advantages, financial performance, and moderators.

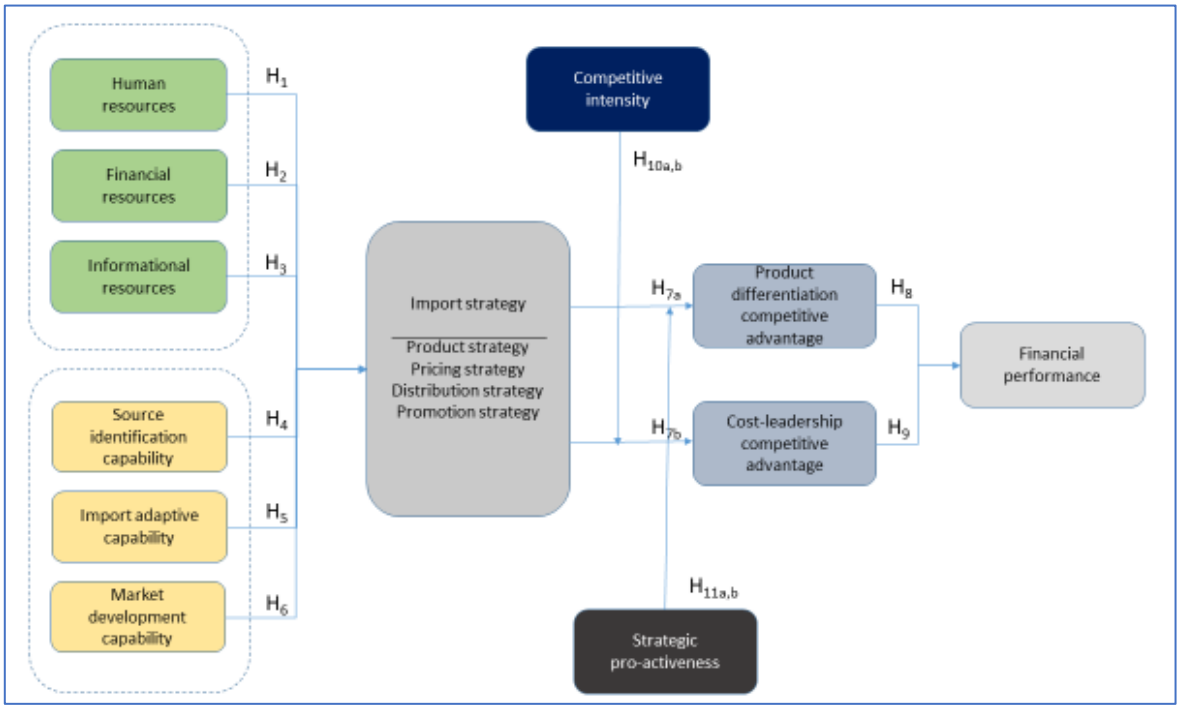

Figure 1: The conceptual model

Altogether, there are ten main hypothesized paths and four moderation hypotheses. Our conceptual model is theoretically-anchored on the Resource-based View (RBV) of the firm (Barney, 1991), which

explains how organizational resources (and capabilities) can improve business performance in a dynamically competitive environment (Collis & Montgomery, 1995). In brief, the theory holds that to attain a sustainable competitive advantage, an organization's resources must be valuable, rare, imperfectly imitable, and imperfectly substitutable (Barney 1991).

Resources refer to the tangible and intangible assets that allow the firm to design and implement reliable strategies to improve its efficiency and effectiveness (Barney, 1991). Formulating sound import strategies requires firms to have an adequate accumulation and a right combination of key resources to be usefully utilized in their strategic initiatives (Morgan, Vorhies, & Schlegelmilch, 2006). In particular, resources pertaining to human, financial, and informational factors are among the most crucial in designing and implementing such strategies (Leonidou, 2004). This is because the employment of competent staff with the right experience, skills, and expertise in importing, the existence of adequate funds to finance import operations, and the availability of information enabling the importer to be more responsive to its operating environment were found to be essential prerequisites in import strategy formulation and implementation (Griffith et al., 2010). Hence, we can hypothesize the following:

H_1: The availability of human resources in the import venture will facilitate the development and implementation of a sound import strategy.

H_2: The availability of financial resources in the import venture will facilitate the development and implementation of a sound import strategy.

H_3: The availability of informational resources in the import venture will facilitate the development and implementation of a sound import strategy.

Capabilities refer to complex bundles of skills and accumulated knowledge that let firms to coordinate their activities and use their resources in the most productive way (Day, 1994). Capabilities help the firm to effectively adjust its strategy to environmental changes, such as regulatory forces, competitive movements, and buying habits (Prahalad & Hamel, 1990). In an importing context, such key capabilities include the firm's ability: to identify reliable sources of supply abroad that will secure a steady flow of products; to easily adapt to changes with regard to market trends and buyer preferences; and to develop the home market in a way to absorb the imported products. This argumentation leads to the following hypothesis:

H_4: The availability of a source identification capability in the import venture will facilitate the development and implementation of a sound import strategy.

H_5: The availability of an adaptive capability in the import venture will facilitate the development and implementation of a sound import strategy.

H_6: The availability of a market development capability in the import venture will facilitate the development and implementation of a sound import strategy.

An import strategy comprises product, price, distribution, and promotion elements that enable the importer to effectively respond to environmental forces and meet its objectives. Day and Wensley (1988) argue that the firm's superior resources and capabilities do not automatically transform into positional advantages, but do so through strategic choices, programs, and systems for implementation. Although a firm might excel in a particular type of competitive advantage, the complexities of today's international business environment necessitate the simultaneous achievement of competitive advantages in different areas through strategy implementation (Treacy & Wiersema, 1993). According to Aaker (1989) and Hitt, Ireland, and Hoskisson (1997), multiple forms of competitive advantage might be needed for a business to compete successfully. It is imperative therefore for firms to implement an import strategy that can lead to both product differentiation and cost leadership advantages. Therefore, we can posit that:

H_7: The implementation of a sound import strategy will lead to the achievement of: (a) a product differentiation advantage and (b) cost leadership advantage.

A firm possesses a competitive advantage when it executes a value-creating strategy that is not simultaneously pursued by its competitors (Barney, 1991). With regard to product differentiation advantage, this originates from the firm's superior quality, design, and other product attributes (Porter, 1985). Such an advantage raises customer value by increasing benefits and decreasing non-monetary costs, which can help the importer to charge a premium price, thereby increasing its financial performance (Zou, Fang, & Zhao 2003). On the other hand, the possession of a cost leadership advantage implies that the importer can secure lower purchase prices from abroad than its competitors and offer higher value to buyers through better prices (Kotler & Keller, 2016). Such a low-cost advantage will

improve the importer's financial performance due to the provision of greater pricing flexibility (Zou, Fang, & Zhao, 2003). Based on the above, we can hypothesize that:

H_8: The possession of a product differentiation advantage by the import venture will lead to a better financial performance.

H_9: The possession of a cost leadership advantage by the import venture will lead to a better financial performance.

Business sectors with high competitive intensity are characterized by slow growth, high strategic stakes, and excessive exit barriers (Porter, 1980). Importers operating in such sectors are expected to strive more to translate their strategies into product differentiation or cost leadership advantages. In fact, in the former case, brand loyalty and lower price sensitivity will help to build defense against competition, while in the latter case, lower costs will allow to have greater flexibility relative to competitors to cut prices and ultimately retain and gain more customers (Hitt et al., 1997). Hence, we can hypothesize:

H_{10a}: The positive association between import strategy and product differentiation advantage will be stronger in the case of importers facing high competitive intensity.

H_{10b}: The positive association between import strategy and cost leadership advantage will be stronger in the case of importers facing high competitive intensity.

Strategic pro-activeness refers to the firm's ability to take precautionary measures, actions, and procedures in anticipation of events of a strategic nature, rather than passively reacting to them (Aragon-Correa, 1998). There are indications that strategically proactive firms tend to respond to environmental changes in a more swift, decisive, and systematic manner (Aragon-Correa, 1998). This implies that importers with this ability are expected to put greater emphasis on using their purchasing strategies to secure a strong competitive advantage, based on either product differentiation or cost leadership considerations. Hence, we can hypothesize:

H_{11a}: The positive association between import strategy and product differentiation advantage will be stronger in the case of importers characterized by high strategic pro-activeness.

H_{11b}: The positive association between import strategy and cost leadership advantage will be stronger in the case of importers characterized by high strategic pro-activeness.

Study method

Our study is based on data collected from British importers in 2016. A sample of 1,000 firms was randomly selected from the Dun & Bradstreet Directory, belonging to different sectors, ranging from foodstuffs and clothing to furniture and machinery. The person responsible for import operations was initially contacted by telephone to inform about the purpose of the study and request participation in it. Of those, 524 importing firms accepted to participate in the study and were given the option to receive the survey questionnaire through either mail or online means. The survey process took six months to complete. During the initial round, 176 responses were received, while 37 additional responses were obtained using follow-up telephone calls. Of those, 18 responses were discarded due to incomplete answers, resulting in a final sample 195 firms (or 37.2% usable response rate). Following Armstrong and Overton's (1977) non-response test procedures, the answers of early respondents were compared to those who responded late, revealing no statistically significant differences between the two groups. Construct operationalization was based on already established scales from the literature that were further refined with the assistance of a panel of import managers. The questionnaire was designed around the constructs operationalized, following the sequence of their appearance in the model, and these were measured on a seven-point scale. A set of questions inserted at the end of the questionnaire assessed the degree of familiarity, knowledgeability, and confidence of the respondent to provide the information required. Prior to the commencement of the full-scale study, the questionnaire was pilot tested to ascertain its flow, duration, and ease of response.

Research findings

Table 1 shows the result of the measurement model. The data collected underwent a purification process. First, we checked the convergent validity, which was met, as the *t*-value for each item was always high and significant, all standard errors of the estimated coefficients were very low, and the average variance extracted for each construct was above .50 (Hair et al., 2010). Second, we checked for discriminant validity, which was evident because the confidence interval around the correlation estimate for each pair of constructs examined never included 1.00 (Anderson & Gerbing, 1988), while the squared correlation

for each pair of constructs never exceeded their average variance extracted (Fornell & Larcker, 1981). Third, we checked for construct reliability, which was satisfactory because all constructs in our conceptual model exhibited Cronbach's alphas greater than .70 (actually 0.86 or above), while composite reliability was also satisfactory with all coefficients being greater than .50 (actually 0.80 or above). Finally, we assessed the possibility of common method bias, by using a confirmatory factor approach, in which all items included in the measurement model were restricted to load on a single factor (Venkatraman & Prescott, 1990). The model fit indices revealed very poor values, well below the commonly acceptable cut-off points (i.e., χ^2 = 8241.28, p = .000; df = 1890; NFI = .69; NNFI = .74; CFI = .74; RMSEA = .16).

Table 1: Measurement model - Summary of construct measurement

Constructs	Scale items	Standardized loadings	t-value	α	ρ	AVE	Mean score	Standard deviation	Items means	Items S.D.
Human resources	HRE1 HRE2 HRE3 HRE4	.86 .79 .85 .84	* 10.47 11.78 11.51	0.91	0.84	0.70	3.78	1.68	4.04 3.99 3.71 3.34	1.94 1.90 1.80 1.96
Financial resources	FRE1 FRE2 FRE3 FRE4 FRE5	.92 .92 .93 .87 .73	* 18.00 18.40 15.32 10.58	0.94	0.89	0.77	4.74	1.52	5.12 4.65 4.82 4.57 4.46	1.57 1.72 1.76 1.72 1.74
Informational resources	IRE1 IRE2 IRE3 IRE4	.85 .84 .86 .82	* 11.32 11.78 10.92	0.91	0.84	0.71	5.57	1.21	5.24 5.79 5.80 5.44	1.44 1.35 1.26 1.38
Source identification capability	SIC1 SIC2 SIC3 SIC4	.94 .92 .94 .86	* 19.26 20.49 15.69	0.96	0.89	0.84	4.47	1.52	4.78 4.47 4.56 4.06	1.58 1.65 1.61 1.65
Import adaptive capability	IAC1 IAC2 IAC3 IAC4	.87 .82 .81 .82	* 11.42 11.19 11.39	0.91	0.83	0.69	4.65	1.29	4.52 4.29 4.69 5.09	1.41 1.42 1.48 1.48
Market development capability	MDC1 MDC2 MDC3 MDC4	.78 .89 .78 .78	* 10.84 9.26 9.23	0.88	0.82	0.65	5.03	1.27	4.73 4.86 5.54 5.00	1.62 1.46 1.25 1.41
[a]Import	PRO1	.89	*	0.9	0.8	0.62	4.62	1.29	5.07	1.38

strategy	PRO2	.83	12.3	0	6				4.59	1.57
	PRO3	.85	3						4.91	1.44
Product	PRO4	.68	12.7						3.93	1.71
	PRO5	.68	2						4.68	1.53
	PRO6	.75	8.90						4.50	1.70
			8.73							
			10.1							
			7							
Pricing	PRI1	.76	*	0.8	0.8	0.54	4.87	1.18	5.38	1.33
	PRI2	.70	7.87	6	0				4.92	1.50
	PRI3	.66	7.26						4.65	1.38
	PRI4	.75	8.40						4.58	1.68
	PRI5	.80	9.11						4.76	1.47
Distribution	DIS1	.87	*	0.9	0.8	0.61	4.78	1.18	5.27	1.39
	DIS2	.90	14.1	1	7				5.11	1.37
	DIS3	.88	6						4.91	1.35
	DIS4	.59	13.4						4.39	1.67
	DIS5	.78	8						5.18	1.21
	DIS6	.71	7.28						4.37	1.57
	DIS7	.66	10.5						4.11	1.58
			6							
			9.26							
			8.36							
Promotion	PRM1	.95	*	0.9	0.9	0.82	2.91	1.49	2.85	1.54
	PRM2	.94	21.7	6	1				2.96	1.60
	PRM3	.89	7						2.80	1.56
	PRM4	.85	17.6						2.95	1.67
	PRM5	.89	6						2.83	1.58
			15.4							
			4							
			17.4							
			6							
Product	IPD1	.87	*	0.9	0.8	0.72	5.32	1.09	5.37	1.21
differentiatio	IPD2	.83	11.7	1	4				5.51	1.20
n advantage	IPD3	.88	5						5.20	1.21
	IPD4	.80	12.7						5.12	1.26
			2							
			11.0							
			8							
Cost	ICL1	.87	*	0.8	0.8	0.60	4.28	1.22	4.08	1.49
leadership	ICL2	.99	14.4	6	0				4.16	1.46
advantage	ICL3	.56	5						4.71	1.32
	ICL4	.60	7.00						4.17	1.52
			7.64							
Financial	FIP1	.73	*	0.9	0.8	0.70	4.75	1.08	4.49	1.38
performance	FIP2	.84	9.49	3	8				4.88	1.30
	FIP3	.78	8.73						4.75	1.27
	FIP4	.90	10.1						4.79	1.25
	FIP5	.83	3						4.69	1.19
	FIP6	.91	9.33						4.85	1.10
			10.2							
			6							

[a] Higher-order factor (Mean = 4.38, SD = 1.07), * Item fixed to set the scale

Fit statistics: χ^2=2707.87, p=.000, df=1780; NFI= .90; NNFI= .95; CFI= .96; RMSEA= .064, 90% C.I= (.058, .068)

Table 2 shows the structural model results. As predicted in H_1, importers possessing adequate human resources have a higher likelihood of accomplishing their import strategy (β = .16, t = 1.81, p = .07). Results also support H_2, as the existence of adequate financial resources increases the extent to which a successful import strategy is attained (β = .16, t = 1.91, p = .06). Similarly, the results confirm that the greater the possession of informational resources, the more likely the firm to implement a sound import strategy (β = .20, t = 2.30, p = .02), thereby confirming H_3. H_4 also received support, as importers demonstrating greater source identification capabilities have more potential to accomplish their import strategies (β = .44, t = 4.86, p = .00). Results also confirm H_5, since importers possessing adaptive

capabilities are more likely to well-execute their import strategy (β = .15, t = 1.73, p = .08). In addition, it was found that importers that have market development capabilities are more likely to have sound import strategies, which lends support to H_6 (β = .39, t = 4.07, p = .00). The materialization of import strategy, on the other hand, was found to be influential on generating a competitive advantage based on either product differentiation (β = .26, t = 2.56, p = .01) or cost leadership (β = .18, t = 1.79, p = .07), thus confirming H_{7a} and H_{7b} respectively. Finally, in accord to H_8 and H_9, it was revealed that differentiation-based advantage has a positive effect on financial performance (β = .36, t = 3.74, p = .00) and the same was also true with regard to cost leadership advantage (β = .15, t = 1.70, p = .09).

Table 2: Structural Model Results – Main effects

Hypo-thesis	Hypothesized path	Standardized path coefficients	*t*-value	*p*-value
H_1	Human resources → Import strategy	.16	1.81	**.07**
H_2	Financial resources → Import strategy	.16	1.91	**.06**
H_3	Informational resources → Import strategy	.20	2.30	**.02**
H_4	Source identification capability → Import strategy	.44	4.86	**.00**
H_5	Import adaptive capability → Import strategy	.15	1.73	**.08**
H_6	Market development capability → Import strategy	.39	4.07	**.00**
H_{7a}	Import strategy → Product differentiation advantage	.26	2.56	**.01**
H_{7b}	Import strategy → Cost leadership advantage	.18	1.79	**.07**
H_8	Product differentiation advantage → Financial performance	.36	3.74	**.00**
H_9	Cost leadership advantage → Financial performance	.15	1.70	**.09**

Fit statistics: χ^2= 3034.72, p= .000, df= 1815; NFI= .89; NNFI= .94; CFI= .95; RMSEA= .078, 90% C.I.= (.073, .082)

Table 3 shows the results of the moderation analysis, which was based on the split group method (using the median) to identify subsamples of respondents for each moderator. In the case of firms belonging to the high competitive intensity group, the effect of import strategy on product differentiation advantage was stronger (β = .52, t = 3.84, p <.01) compared to the low competitive intensity group (β = .10, t = .70, p > .10), thus supporting H_{10a} ($\Delta\chi^2$= 6.84, p < 0.01). A similar effect is noted for the association between import strategy and cost leadership advantage, with the association becoming stronger again under high competitive intensity (β = .30, t = 2.17, p <.05), as opposed to low competitive intensity (β = .15, t = .80, p > .10), which confirms H_{10b} ($\Delta\chi^2$= 3.23, p < .10). Further, for importers characterized by high strategic pro-activeness, the import strategy → product differentiation advantage link was stronger (β = .38, t = 2.86, p < .01), while for importers having low strategic pro-activeness, this link was weaker (β = .10, t = .78, p > .10), thus supporting H_{11a} ($\Delta\chi^2$= 3.95, p < .05). A similar contingency effect by strategic pro-activeness was also observed on the relationship between import strategy and cost leadership ($\Delta\chi^2$= 4.50, p < .05), with this being stronger among highly strategically proactive importers (β = .34, t = 2.58, p < .01), as opposed to those characterized by low strategic pro-activeness (β = .12, t = .96, p > .10).

Conclusions, implications, and future research

A central conclusion that can be derived from this study is that the possession of adequate import-related resources and capabilities contributes to heightened financial performance, in that they can successfully facilitate the execution of the firm's import strategy and the generation of both product differentiation and cost leadership positional advantages. Our study makes several contributions: (a) it stresses the crucial role of possessing certain resources and capabilities which are critical in enhancing the importer's financial performance; (b) it highlights the instrumental role of a sound import strategy in generating competitive advantages; and (c) it demonstrates the contingent effect of various internal and external factors on the association between import strategy and competitive advantage.

Table 3: Results of individual moderating effects

Competitive intensity as a moderator				
Main effect	Hypothesized moderating effect	High competitive intensity group	Low competitive intensity group	$\Delta\chi^2$ (Δdf = 1)
Import strategy → Import product differentiation advantage	H_{10a} : Effect is stronger among the high intensity than the low intensity group	β = .52 t = 3.84***	β = .10 t = 0.70	6.84 (p < .01)
Import strategy → Import cost leadership advantage	H_{10b} : Effect is stronger among the high intensity than the low intensity group	β = .30 t = 2.17**	β = .15 t = 0.80	3.23 (p < .10)
Strategic pro-activeness as a moderator				
Main effect	Hypothesized moderating effect	High strategic pro-activeness group	Low strategic pro-activeness group	$\Delta\chi^2$ (Δdf = 1)
Import strategy → Import product differentiation advantage	H_{11a} : Effect is stronger among the high proactive than low proactive group	β = .38 t = 2.86***	β = .10 t = 0.78	3.95 (p < .05)
Import strategy → Import cost leadership advantage	H_{11b} : Effect is stronger among the high proactive than the low proactive group	β = .34 t = 2.58***	β = .12 t = 0.96	4.50 (p < .05)

*** p < .01; ** p < .05; * p < .10

These findings imply that in order to ensure a successful implementation of an import strategy, managers should acquire and use the required human, financial, and informational resources. They also need to develop and apply the right set of capabilities, such as those relating to identifying foreign sources of products, easily adapting to changing environmental trends, and monitoring market developments. In particular, it is critical to rely on such resources and capabilities to build successful import strategies and achieve competitive advantage in times of fierce competition. It is also essential to have strategically proactive spirit to be able to use the firm's import strategy to achieve superior competitive advantage.

Future research could take several directions. First, it is essential to obtain external validity for our conceptual model by replicating this study in other country settings. Second, various other organizational resources (e.g., network position) and capabilities (e.g., organizational learning) also warrant investigation as drivers of import strategy. Third, there is a need to better understand the moderating role of certain other external (e.g., foreign cultural setting) or internal (e.g., leadership styles) factors on the import strategy-competitive advantage link. Finally, it will be interesting to examine the effect of the importer's competitive advantage on different types of organizational performance, such as those pertaining to customer, product-market, and financial market dimensions.

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Appendix: Operationalization of constructs

Constructs	Items	Item description	Source
Human resources	HRE1	Specialized managerial skills/competence in importing	Kaleka (2002) and Morgan, Vorhies, and Schlegelmilch (2006)
	HRE2	Management experience/expertise in foreign countries	
	HRE3	Allocation of a sufficient number of personnel to importing	
	HRE4	Personnel specially educated/ trained in import activities	
Financial resources	FRE1	Availability of adequate resources to finance imports	Spyropoulou et al. (2010)
	FRE2	High speed of acquiring/deploying financial resources	
	FRE3	Accessibility to capital required to finance imports	
	FRE4	Ability to find additional financial resources when needed	
	FRE5	Size of financial resources devoted to imports	
Informational resources	IRE1	Understanding of firm's competitors	Griffith et al. (2009)
	IRE2	Understanding of firm's customers	
	IRE3	Knowledge of the industry within which the firm belongs	
	IRE4	Knowledge of trends in the market	
Source identification capability	SIC1	Locating/selecting potential foreign suppliers	Quintens et al. (2006)
	SIC2	Identifying attractive foreign sourcing opportunities	
	SIC3	Contacting prospective foreign suppliers	
	SIC4	Acquiring specialized foreign sourcing information	
Import adaptive capability	IAC1	Handling potential threats from the market	Ma et al. (2006)
	IAC2	Removing unexpected obstacles caused by competitors	
	IAC3	Adapting quickly to sudden changes in industrial policies	
	IAC4	Succeeding in an intensely competitive environment	
Market development capability	MDC1	Acquiring new/innovative products from foreign sources	Ha-Brookshire and Dyer (2009)
	MDC2	Sensing new trends in the market	
	MDC3	Responding effectively to new customer needs	
	MDC4	Monitoring competitive products in the market	
Import strategy		*Product strategy*	Leonidou et al. (2002)
	PRO1	Obtaining foreign products with superior quality/standards	
	PRO2	Obtaining foreign products of outstanding design/style	
	PRO3	Obtaining foreign products with desired features	
	PRO4	Obtaining foreign products with high brand recognition	
	PRO5	Obtaining foreign products with adequate packaging/labelling	
	PRO6	Obtaining adequate warranty/service facilities for foreign products	
		Pricing strategy	
	PRI1	Obtaining foreign products with competitive prices	
	PRI2	Obtaining low transportation costs from abroad	
	PRI3	Obtaining high mark-up levels for imported products	
	PRI4	Obtaining favorable payment terms for imported products	
	PRI5	Obtaining attractive sales terms for imported products	
		Distribution strategy	
	DIS1	Obtaining regular/long-term supply of foreign products	
	DIS2	Obtaining quick/on-time delivery of imported products	
	DIS3	Obtaining effective replenishment of inventory for foreign products	
	DIS4	Obtaining warehousing support for imported products	
	DIS5	Obtaining satisfactory/accurate fulfilment of import orders	
	DIS6	Obtaining emergency orders of imported products	
	DIS7	Obtaining frequent backorders of imported products	
		Promotion strategy	
	PRM1	Obtaining advertising support from foreign supplier	
	PRM2	Obtaining sales promotion support from foreign supplier	
	PRM3	Obtaining public relations support from foreign supplier	
	PRM4	Obtaining personal selling support from foreign supplier	
	PRM5	Obtaining direct marketing support from foreign supplier	
Product differentiation advantage	IPD1	Providing unique products	Kaleka (2006) and Vorhies and Harker (2000)
	IPD2	Offering higher quality products	
	IPD3	Offering innovative products	
	IPD4	Offering products with distinctly different features	
Cost leadership advantage	ICL1	Being the lowest cost provider in the industry	Kaleka (2006) and Vorhies and Harker (2000)
	ICL2	Providing customer with the lowest prices	
	ICL3	Emphasizing cost efficiency	
	ICL4	Striving for high volume to spread costs	
Financial performance	FIP1	Sales volume	Hult et al. (2008)
	FIP2	Operating profits	
	FIP3	Corporate growth	
	FIP4	Return on investment	
	FIP5	Return on assets	
	FIP6	Return on sales	
Competitive intensity	CIN1	Competition in the market for our products is cut-throat	Jaworski and Kohli (1993), and Morgan et al. (2004)
	CIN2	There are many promotion wars in our market	
	CIN3	Anything that one competitor can offer others can match easily	
	CIN4	Price competition is a hallmark of our market	
	CIN5	One hears of a new competitive move almost everyday	
	CIN6	Our competitors are relatively weak (R)	
Strategic pro-activeness	SPR1	We are always looking for new opportunities	Aragon-Correa (1998), Sharma et al. (2007), and Sharma and Aragon-Correa (2004)
	SPR2	Our main technology is focusing on having flexibility and innovation	
	SPR3	Our planning systems are very open and flexible	
	SPR4	The field within which the firm currently conducts its business is broad	