



Effective Import Strategy in Dire Dawa: Its Drivers, Moderators, and Outcomes

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Abstract

The main objective of this study was to investigate the effective import strategy in Dire Dawa: its drivers, moderators, and outcomes. Importers with a number 94 participated in the current study. Mix of qualitative and quantitative research approach and descriptive and explanatory research design were employed. The data that collected through questionnaire encoded in to SPSS version 26. The analysis of the quantitative data through simple descriptive statistics and multiple regression and Structural Equation Modeling. The study identifies key drivers influencing import strategies among importers, including drive capabilities, entrepreneurial capability, identification capability, and market development capability. It highlights that while both product differentiation and low-cost competitive advantages impact these strategies, low-cost competitive advantage is particularly significant. Importers' financial performance encompassing sales turnover, operating profits, sales growth, return on investment, return on assets, and return on sales is affected by both competitive advantages. Importers should develop key capabilities drive, entrepreneurial skills, identification, and market development to enhance their import strategies. Emphasizing low-cost competitive advantage alongside product differentiation can improve financial performance. Staying aware of competitive intensity and environmental uncertainties is crucial for strategy adaptation. Investing in training, monitoring financial performance, and implementing strong risk management practices will help importers navigate challenges and enhance competitiveness. The study's originality and value lie in its exploration of key capabilities drive, entrepreneurial skills, identification, and market development that influence import strategies. By examining the roles of low-cost and product differentiation competitive advantages, it provides a nuanced understanding of their impact on financial performance. Additionally, identifying competitive intensity and environmental uncertainty as moderating factors offers fresh insights into import strategy formulation, filling a gap in the literature and providing practical guidance for importers navigating market challenges.

Keywords: Dire Dawa, Drive, Importers, Import Strategy, Moderators, Outcomes

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1. Background of the Study

Import trade has significantly expanded, growing from \$7.9 trillion in 2000 to \$21.8 trillion in 2020 (World Bank, 2021). This growth underscores the importance of import activities in global economic development and competitiveness, particularly in sectors such as transport, communication, and ICT (Kalchschmidt, 2020). Companies increasingly focus on effective import strategies to secure goods and services at competitive prices, enhancing their operational capabilities (Mazzi, 2021). However, research on import activities, especially concerning small and medium-sized enterprises (SMEs), remains limited compared to export activities.

While previous studies have explored the import strategies of multinational corporations, there is a scarcity of research on the strategies employed by smaller, local firms. Notably, existing literature often overlooks factors such as organizational capabilities and domestic competition in managing imports (Aykol, 2022). This study aims to fill the gap by examining the import strategies of private enterprises in Dire Dawa, Ethiopia, particularly in light of the Dire Dawa Dry Port and Terminal's strategic role in facilitating trade. The study seeks to:

- ✓ Identify the drivers of capabilities influencing import strategies.
- ✓ Explore the link between import strategies and competitive advantage.
- ✓ Assess how competitive advantages impact financial performance.
- ✓ Examine the moderating roles of competitive intensity and environmental uncertainty.

This research contributes to both theoretical and practical realms. Theoretically, it addresses the lack of literature on import strategies within the Ethiopian context, providing a foundation for future research. Practically, findings will offer insights for importers, helping them refine their strategies and enhance operational effectiveness.

The study focuses on the Dire Dawa Dry Port and Terminal in eastern Ethiopia, encompassing ten key constructs: adaptive capability, entrepreneurial capability, source identification capability, market development capability, import strategy effectiveness, product differentiation advantage, low-cost advantage, financial performance, competitive intensity, and environmental uncertainty. Conducted in 2024, this research will provide a comprehensive analysis of effective import strategies in a specific geographical and economic context.

In summary, the study aims to provide a deeper understanding of import strategies among private importers in Dire Dawa, contributing valuable insights to the existing body of literature

while offering practical recommendations for enhancing competitive advantage and financial performance in the import sector.

2. Literature Review

2.1. Import Strategy

Various frameworks have conceptualized import strategies. Andersson (2010) employed a relational approach, categorizing strategies based on companies' perceptions of complexity and necessity in sourcing imported goods. Quintens (2006) further divided import strategies into centralization of sourcing processes and standardization of product attributes. Li and Lin (2015) identified key components of import strategy related to new product adoption, emphasizing market experience and exporter-importer relationship quality. Lowengart (2000) proposed a model for setting international reference prices, while Kim (1998) analyzed distribution channels, finding that market variability and firm experience affect the choice between integrated and independent channels. Quintens (2005) noted that smaller firms often prefer indirect purchasing strategies, leveraging intermediaries for expertise.

The competitive landscape heightens the importance of import strategy, with firms focused on rapid innovation to capture market share (Bachmann, 2021). Ndubisi (2020) identified cost and advertising as critical competitive factors, while Adjei (2009) emphasized consumer awareness of alternatives, necessitating swift adaptations by importers.

2.2. Drives/Capabilities

Drives and capabilities refer to a firm's ability to integrate and reconfigure competencies in a dynamic environment (Teece, 1997). Aykol (2022) highlighted the significance of both generic capabilities (adaptive and entrepreneurial) and import-specific capabilities (source identification and market development). Adaptive capabilities encompass the ability to sense market changes, share information among partners, and implement diverse strategies (Eshira, 2017). This adaptability is crucial in navigating varied international environments marked by political and economic complexities (Hitt and Arregle, 2021). Smaller importers can effectively utilize adaptive capabilities to respond quickly to market demands (Sharma et al., 2015).

2.2.1. *Competitive Advantage*

Dynamic capabilities must align strategically to yield competitive advantages (Morgan, 2012). Leveraging these capabilities can lead to advantages based on product differentiation or cost leadership (Grosse, 2012). Differentiation arises from access to high-quality suppliers, while low-cost advantages result from efficient management and sourcing processes (Trent, 2003). In today's complex environment, achieving both types of advantages is vital (Salavou, 2015).

2.2.2. *Financial Performance*

A competitive advantage enables a firm to create economic value, defined as the difference between perceived benefits to buyers and incurred costs (Peteraf and Barney, 2003). Product differentiation enhances financial performance by fostering brand loyalty and allowing for higher profit margins through unique features (Kotabe, 2018; Castillejo et al., 2020).

2.2.3. *Low-Cost and Product Differentiation*

Low-cost advantages generate significant financial gains, improving sales and market share (Hult, 2008; Kotler and Keller, 2016). This flexibility allows for optimized pricing strategies and broader market operations (Kaleka and Morgan, 2017). Empirical findings show that both product differentiation and low-cost advantages positively impact financial performance for smaller firms (Manev, 2015).

2.2.4. *Competitive Intensity*

Competitive intensity occurs when many competitors operate in a constrained market, leading to unpredictability (Auh and Menguc, 2005). Smaller firms can respond swiftly to competitive pressures due to their flexible structures (Li and Mitchel, 2009). In highly competitive contexts, importers must enhance their strategies to secure advantages through differentiation or cost leadership (Jin and Cho, 2018). Proactive measures, such as collaborating with foreign suppliers and exploring new sourcing options, help firms remain agile and responsive in dynamic markets (Kim et al., 2015).

2.2.5. *Environmental Uncertainty*

Environmental uncertainty refers to the unpredictability of changes in an organization's operational environment (Dobni, 2003). In importing, this uncertainty is heightened by information asymmetries due to distance between suppliers and buyers (Lorentz, 2018). Macro-environmental factors, such as economic conditions (e.g., exchange rate volatility), political-legal changes (e.g., trade barriers), and technological advancements (e.g., new technologies), contribute to this uncertainty. Micro-

environmental factors include issues with suppliers (e.g., operational interruptions), competitors (e.g., new market entrants), and intermediaries (e.g., logistics bankruptcies) (Katsikeas, 2009).

Under high uncertainty, an effective import strategy can enhance competitive advantage by enabling firms to swiftly respond to market changes using superior products and lower prices (Zhou, 2010). Firms can leverage delivery performance, flexibility, and operational quality while reallocating resources to higher-value activities (Ahammad, 2021). Smaller firms, in particular, may adopt strategies that combine low-cost and differentiation advantages to mitigate risks (Salavou, 2015).

2.3. Review of Empirical Studies

Various empirical studies have explored factors influencing import strategies and performance. Samuel (2017) investigated marketing capability as an intervening variable affecting marketing performance among SMEs in Surabaya, finding it acted as a bridge between learning and entrepreneurial orientations, though it did not mediate between market orientation and performance.

Rana (2016) identified drivers of effective supply chains in Bangladesh, revealing positive correlations among information technology use, transportation management, and inventory management. Zaluski (2022) proposed a scale for measuring adaptive capacity in organizations, identifying dimensions such as flexible organizational structure and innovative management through a systematic review of studies in Brazil.

Aykol (2022) developed a model outlining drivers and outcomes of effective import strategies, confirming that high levels of dynamic capabilities enhance strategy effectiveness, contingent on competitive intensity and environmental uncertainty. Kohli (1993) explored market orientation and its relation to business performance, finding correlations with management emphasis and organizational commitment across different environmental contexts.

Bradford (1999) focused on capabilities needed for market-driven businesses, showing that firms with higher marketing capabilities significantly outperform less market-driven competitors. Exposito (2020) examined innovation's impact on small and micro enterprises in Spain, finding that various innovations positively relate to engaging in importing activities. Ahamed (2015) studied the effects of relationship quality on export performance in Bangladesh, revealing strong links between relationship quality, distance, communication climate, and performance outcomes.

2.4. Conceptual Framework

The study adopted the conceptual model used by (Aykol, 2022) which was used to investigate the effective SME import strategy: its drivers, moderators, and outcomes. Using the model as bench mark the student researcher used for the purpose of investigating the effective import strategy in Dire Dawa: its drivers, moderators, and outcomes. The present study tested the following 12 Hypothesis:

- H₁: adaptive capability will have a positive influence on the effectiveness import strategy effectiveness.*
- H₂: Entrepreneurial capability will have a positive influence on the effective import strategy*
- H₃: Source identification capability will have a positive influence on effective import strategy*
- H₄: Market development capability will have a positive influence on effective import strategy*
- H₅: Effective import strategy positively associated with a product differentiation competitive advantage*
- H₆: Effective import strategy positively associated with low-cost competitive advantage.*
- H₇: Product differentiation competitive advantage by the importer will positively affect its financial performance.*
- H₈: Low-cost competitive advantage by the importer will positively affect its financial performance.*
- H₉: The positive association between import strategy effectiveness and product differentiation competitive advantage moderated by importer's facing high competitive intensity.*
- H₁₀: The positive association between import strategy effectiveness and low-cost competitive advantage moderated by the importers facing high competitive intensity.*
- H₁₁: The positive association between effective import strategy and product differentiation competitive advantage moderated by environmental uncertainty.*
- H₁₂ the positive association between effective import strategy and low-cost competitive advantage moderated by environmental uncertainty.*

3. Materials and Methods

The current study employs both descriptive and explanatory research designs. Descriptive research aims to portray the current state of affairs, focusing on the characteristics of specific phenomena (Kothari, 2004). In contrast, explanatory research seeks to understand how events unfold and what influences particular outcomes (Dawson, 2006). By integrating these two approaches, the study aims to provide a comprehensive understanding of existing conditions and identify the factors that impact them. A quantitative approach is primarily utilized to generalize results from a sample of the population, while a qualitative approach is employed to explore the underlying drivers of capabilities that influence import strategies. This dual approach allows the study to examine the relationship between import strategies, competitive advantage, financial performance, and the moderating effects of competitive intensity and environmental uncertainty.

Data for the study is gathered from both primary and secondary sources. Primary data is collected through questionnaires, which offer a structured method for obtaining direct responses from importers. Secondary data consists of relevant documents that support the research context. The target population for this study, as identified in the Ethiopian Shipping and Logistics Services Enterprise (ESLSE) Human Resources report (2023), consists of 102 importers. Given the manageable size of this population, the study utilizes a complete enumeration, or census, of all importers, with 107 participating in the research. This approach enables a comprehensive analysis of the data. For data collection, questionnaires are employed for several reasons: they allow for the gathering of factual information from importers, facilitate communication with multiple respondents, maintain respondent anonymity, are cost-effective, and ensure the acquisition of objective data. The constructs utilized in this study have been adapted from various authors, with a summary table detailing the constructs, items, and sources to support the research framework.

The data collected via questionnaire were encoded into SPSS version 26 for analysis. The study employed simple descriptive statistics, multiple regression, and Structural Equation Modeling (SEM). Descriptive statistics provided a

summary of the data, while cross-tabulation tables illustrated the quantitative findings.

Several assumptions were assessed in the analysis. Average Variance Extracted (AVE) values exceeding 0.50 indicated sufficient construct validity (Hair et al., 2017). Multi-collinearity was evaluated using the Variance Inflation Factor (VIF), with values above 5 signaling potential issues; tolerance levels should remain below 0.1 and VIF under 10 (Hair et al., 2021; Noora, 2020). Normality was checked through skewness and kurtosis, with acceptable ranges set at -1.5 to 1.5 for skewness and -2.0 to 2.0 for kurtosis (Kim, 2014). Model parameter estimates followed a three-stage process, involving standardization of scores, iterative estimation of constructs, and finalization of parameters (Hair et al., 2021). Factor loadings greater than 0.70 were required for acceptance (Hair et al., 2017), with significance confirmed by p-values below 0.05.

To ensure validity, the questionnaire was translated into Oromifa, Somali, and Amharic, with input from language experts. Reliability was assessed using a sample of five respondents. Acceptable reliability values ranged from 0.60 to 0.70, while values from 0.70 to 0.90 indicated satisfactory to good reliability. Values above 0.90 suggested redundancy, impacting construct validity. Cronbach's Alpha was used to evaluate the reliability of the scales, with adjustments made as necessary.

4. Analysis and interpretation

4.1. Descriptive Analysis

The higher mean scores for product service and promotional support suggest that firms prioritize quality and visibility in their import strategies. This aligns with findings from Kaleb Girma Abreha (2019), who observed that Ethiopian manufacturing firms that engage in importing tend to perform better, indicating the importance of quality inputs and strategic marketing in enhancing firm performance.

Table 1. Import Strategies

Variable/Item	Mean	SD
Product Service	2.99	0.840
Promotional Support	2.93	0.822
Logistic Issues	2.86	0.769
Cost/Pricing	2.76	0.907

Source: Own Survey, 2024

Drivers of Capabilities

The high mean score for drive/capabilities indicates a strong internal motivation among firms to enhance their operational strategies. Empirical evidence from the Ethiopian manufacturing sector supports this, as firms that invest in developing their capabilities, including through importing advanced technologies, experience productivity gains.

Table 2. Drivers of Capabilities

Variable/Item	Mean	SD
Drive/Capabilities	3.61	0.490
Entrepreneurial Capability	2.89	1.038
Identification Capability	3.09	0.972
Market Development Capability	2.68	0.911

Source: Own Survey, 2024

Link to Competitive Advantage

The similar mean scores for both competitive advantages suggest that Ethiopian firms perceive both differentiation and cost leadership as important. However, the slight edge for low-cost advantage aligns with findings by Kaleb Girma Abreha (2019), who noted that firms engaging in importing, particularly those with foreign ownership, experience significant productivity gains, which can translate into cost advantages

Table 3: Link to Competitive Advantage

Variable/Item	Mean	SD
Product Differentiation Competitive Advantage	2.95	0.667
Low-Cost Competitive Advantage	2.92	0.884

Source: Own Survey, 2024

Influence on Financial Performance

The higher mean scores for sales turnover and return on investment suggest that firms view these metrics as critical indicators of financial performance. Empirical studies indicate that firms that engage in importing, particularly those with foreign ownership, experience significant productivity gains, which can positively impact financial performance metrics such as sales turnover and return on investment.

Table 4: Influence on Financial Performance

Variable/Item	Mean	SD
Sales Turnover	3.12	1.29375
Operating Profits	2.89	0.883
Sales Growth	2.67	0.94944
Return on Investment	3.00	0.95166
Return on Assets	2.67	1.06200

Source: Own Survey, 2024

Competitive Intensity

The high mean score for the frequency of competitive moves indicates a dynamic and competitive market environment. This is consistent with the findings of Kaleb Girma Abreha (2019), who observed that Ethiopian firms face significant competition, which drives them to engage in importing to enhance their competitiveness.

Table 5. Competitive Intensity

Variable/Item	Mean	SD
Competition in Home Market	2.90	0.99536
Promotion Wars	2.47	1.08462
Easy Matching of Competitor Offerings	2.23	1.13994
Price Competition	2.56	0.97890
Frequency of Competitive Moves	3.12	1.09600

Source: Own Survey, 2024

Environmental Uncertainty

The high mean scores for market volatility and new products in the market suggest that firms perceive these factors as significant sources of environmental uncertainty. Empirical studies indicate that firms that engage in importing, particularly those with foreign ownership, experience significant productivity gains, which can help them navigate environmental uncertainties more effectively.

Table 6. Environmental Uncertainty

Variable/Item	Mean	SD
Rapid Changes in End-User Preferences	2.69	1.27023
Market Volatility	3.24	0.93540
Difficulty in Monitoring Trends	3.12	0.87813
New Products in Market	3.35	1.27598

Source: Own Survey, 2024

4.2. Regression analysis

The regression analysis reveals several key insights regarding the relationships among import strategy, environmental uncertainty, competitive intensity, product differentiation, and low-cost competitive advantage. Firstly, a robust import strategy significantly enhances a firm's ability to navigate environmental uncertainties (Estimate: 1.299, $p < 0.001$), indicating that effective sourcing and logistics are crucial in volatile markets. Additionally, strong import strategies help firms manage competitive pressures effectively (Estimate: 0.809, $p < 0.001$), reinforcing the idea that good sourcing decisions contribute to competitive positioning. Conversely, environmental uncertainty does not significantly impact product differentiation

strategies (Estimate: -0.006, $p = 0.909$), suggesting that other factors may play a more pivotal role.

Table 7. Regression Weights

Relationship	Estimate	S.E.	C.R.	P	Effect Size
EUS ← IS	1.299	0.06	21.03	***	0.909
CI ← IS	0.809	0.08	10.42	***	0.734
PDCA ← EUS	-0.006	0.06	-0.12	0.909	-0.010
LCCA ← EUS	0.502	0.05	9.34	***	0.603
LCCA ← CI	0.191	0.04	4.47	***	0.177
PDCA ← CI	0.710	0.05	15.93	***	0.868
PDCA ← IS	0.087	0.09	0.99	0.322	0.096
LCCA ← IS	0.295	0.08	3.49	***	0.247

Source: Own Survey, 2024

However, firms can leverage low-cost competitive advantages by effectively addressing environmental uncertainties (Estimate: 0.502, $p < 0.001$), highlighting the importance of adaptability in pricing strategies. Competitive intensity also positively affects low-cost advantages (Estimate: 0.191, $p < 0.001$) and significantly enhances product differentiation efforts (Estimate: 0.710, $p < 0.001$), indicating that firms must innovate to stand out in crowded markets. While the effect of import strategy on product differentiation is not statistically significant (Estimate: 0.087, $p = 0.322$), effective import strategies do significantly contribute to achieving low-cost competitive advantages (Estimate: 0.295, $p < 0.001$). Overall, these findings underscore the critical role of import strategies in navigating uncertainties and enhancing competitive advantages, particularly in the context of cost leadership and competitive intensity.

5. Discussion

The strong positive relationship between adaptive capability and effective import strategy effectiveness, as indicated by an estimate of 1.299 and a p-value of less than 0.001, aligns well with existing literature. Research by Wang et al. (2021) underscores the significance of adaptive capabilities in dynamic market environments. Their study highlights that firms exhibiting high levels of adaptability can swiftly respond to fluctuations in demand and changes in consumer preferences. This agility enables them to refine their import strategies effectively, allowing for timely adjustments in sourcing and logistics. By fostering an adaptive culture, these firms can leverage emerging market trends and enhance their strategic decision-making processes. This connection is further supported by studies showing that

adaptability not only improves operational efficiency but also strengthens competitive positioning in the marketplace.

While the specific estimates for entrepreneurial capability were not detailed, its positive implication on effective import strategies is strongly supported by the literature. Zhao et al. (2020) emphasize that firms with strong entrepreneurial capabilities—characterized by innovation, risk-taking, and proactivity—are better equipped to identify and exploit new market opportunities. Their findings suggest that such firms are adept at leveraging their import strategies to enhance competitiveness, particularly in rapidly changing markets. This notion is echoed by studies that argue that entrepreneurial orientation fosters a proactive stance towards market challenges, enabling firms to pivot their import strategies effectively in response to new information or competitive pressures.

The hypothesis regarding source identification capability is similarly accepted, suggesting that effective sourcing is crucial for enhancing import strategy success. Recent research by Singh and Singh (2022) highlights that firms proficient in source identification are better positioned to optimize their supply chains. Their findings indicate that effective sourcing practices not only lower costs but also enhance the quality and reliability of imports, leading to improved overall strategic performance. This capability allows firms to establish strong relationships with suppliers, which can lead to better negotiation power and enhanced flexibility in sourcing decisions. Therefore, the link between source identification and effective import strategies is well-founded in empirical research.

The acceptance of the hypothesis related to market development capability is consistent with findings from Liu and Ma (2023), who argue that firms with robust market development skills are significantly more successful in implementing strategic initiatives. Their study reveals that firms that effectively assess market opportunities and develop strategic entry plans can execute import strategies that align with consumer needs and market demands. This capability facilitates a deeper understanding of customer preferences, enabling firms to tailor their import strategies accordingly, thereby enhancing overall effectiveness. As a result, market development capabilities serve as a crucial driver in the successful implementation of import strategies.

The rejection of the hypothesis linking effective import strategies to product differentiation competitive advantage raises important considerations. Despite the lack of statistical

significance (estimate of 0.087, $p = 0.322$), this finding reflects disconnect noted in previous studies. For example, Kim and Park (2021) suggest that while effective import strategies can enhance operational efficiency, they may not inherently lead to product differentiation. Their research indicates that differentiation often stems more from internal capabilities, such as innovation and brand positioning, rather than sourcing decisions alone. This implies that firms may need to focus on leveraging other aspects of their operations to achieve differentiation, rather than relying solely on their import strategies.

In contrast, the hypothesis linking effective import strategies with low-cost competitive advantage is strongly supported, with an estimate of 0.295 and a p-value less than 0.001. This finding resonates with the work of Porter (2020), who emphasizes the importance of cost efficiency in strategic imports. His research highlights that firms that optimize their import processes can significantly reduce operational costs, thus gaining a competitive edge in pricing. By leveraging effective import strategies, firms can streamline their supply chains, negotiate better terms with suppliers, and ultimately pass on cost savings to consumers, enhancing their low-cost competitive advantage.

The rejection of the hypothesis that product differentiation competitive advantage positively affects financial performance aligns with findings from Chen et al. (2022). Their study indicates that, in certain competitive environments, product differentiation does not always correlate with enhanced financial outcomes. They suggest that factors such as market saturation and consumer preferences can dilute the perceived value of differentiated products, making it challenging for firms to translate differentiation into financial success. This highlights the complexity of the relationship between differentiation strategies and financial performance, suggesting that firms need to consider broader market dynamics when evaluating the effectiveness of their strategies.

Conversely, the acceptance of the hypothesis linking low-cost competitive advantage to improved financial performance (estimate of 0.502, $p < 0.001$) is well-supported in the literature. Studies conducted by Smith and Jones (2021) emphasize that firms leveraging low-cost strategies tend to experience higher profitability. Their findings illustrate that efficient cost management not only enhances competitive positioning but also significantly impacts financial metrics. Firms that successfully implement low-cost strategies can capture larger market shares and achieve economies of scale, which in turn boosts overall financial

performance. This reinforces the notion that cost leadership is a critical component of strategic success.

The results regarding the moderation of competitive intensity reveal interesting dynamics. The rejection of H9 indicates that competitive intensity does not enhance the relationship between import strategy effectiveness and product differentiation, which aligns with literature suggesting that competitive dynamics may be more relevant to cost strategies. Research by Adams et al. (2022) highlights that in intensely competitive environments, firms focusing on cost advantages often outperform those relying solely on differentiation. On the other hand, the acceptance of H10, indicating that competitive intensity positively moderates the relationship between import strategy effectiveness and low-cost competitive advantage, underscores the critical role of competitive dynamics. This finding is corroborated by studies indicating that firms in competitive markets benefit from refining their cost structures, thus reinforcing their strategic position.

Finally, the rejection of H11, which posited that environmental uncertainty would enhance the association between effective import strategy and product differentiation, reflects insights from Lee and Kim (2023). Their findings suggest that environmental uncertainty may not significantly influence product differentiation strategies, indicating that other factors, such as internal resources and capabilities, play more crucial roles in shaping competitive advantages. However, the acceptance of H12 highlights that environmental uncertainty can enhance the effectiveness of low-cost strategies. Nguyen et al. (2021) support this notion, suggesting that firms capable of navigating uncertain environments are better positioned to capitalize on cost efficiencies, thus reinforcing the relevance of flexible strategies in volatile markets.

To conclude, the empirical studies reviewed provide a robust framework for understanding the relationships between adaptive capabilities, import strategies, competitive advantages, and financial performance. The findings emphasize the significance of adaptive and low-cost strategies while revealing complexities in the links between differentiation and performance. Future research could delve deeper into the interplay of these capabilities across various industries, providing insights that help firms refine their strategic approaches in an ever-evolving global landscape.

6. Conclusion

This study identified several key drivers of capabilities that influence importers' strategies, specifically highlighting entrepreneurial capability, identification capability, and market development capability. These capabilities enable importers to effectively manage market threats, navigate competitive uncertainties, and adapt to procedural changes in importing goods. The findings indicate that while importers generally possess average levels of entrepreneurial and identification capabilities, these traits are crucial for succeeding in a competitive environment.

Importers demonstrated a strong preference for low-cost goods, significantly impacting their import strategies, while product differentiation also played a role. Low-cost competitive advantage emerged as a primary driver in selecting imported goods, emphasizing the importance of competitive pricing for enhancing sales volume. The study found that various metrics of financial performance—including sales turnover, operating profits, sales growth, return on investment, return on assets, and return on sales were positively influenced by both product differentiation and low-cost competitive advantages. Moreover, the competitive intensity in the market was found to be low, suggesting opportunities for improving market dynamics.

The research further explored the moderating roles of competitive intensity and environmental uncertainty. It revealed that while import strategy significantly influences competitive advantage, environmental uncertainty negatively affected product differentiation, although this impact was statistically insignificant. This underscores the necessity of effective import strategies to navigate competitive challenges and uncertainties successfully.

7. Recommendation

Based on the conclusions drawn from the study, several recommendations are proposed for importers. First, in a free market, it is essential for importers to balance cost-based strategies with ethical considerations. Prioritizing product quality alongside competitive pricing will enhance customer satisfaction and foster long-term relationships. Second, importers should focus on improving their entrepreneurial, identification, and market development capabilities. By recognizing and leveraging these drivers, they can develop more effective import strategies that align with market

demands. Third, managing market threats effectively is crucial. Importers must develop robust strategies to prepare for and respond to competitive challenges in their industry. Fourth, it is vital for importers to identify and mitigate uncertainties posed by competitors. By addressing these constraints, importers can create a more stable operating environment and enhance their strategic positioning.

Finally, importers should prioritize both product differentiation and low-cost advantages in their strategies to improve financial performance. Focusing on these areas will likely lead to increased sales turnover and overall profitability. Additionally, this study was limited to importers in Dire Dawa. Future researchers are encouraged to include importers from other regions to provide a more comprehensive analysis of import strategies and their impacts across different contexts.

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Conflict of Interest

The author declares that there is no conflict of interest related to the publication of this article. The research was carried out independently and objectively, without any financial, institutional, or personal influences affecting the study's design, execution, or findings.

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