

PRE-EXPORT ACTIVITY: THE FIRST STEP IN INTERNATIONALIZATION

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Abstract. In this article we develop a model that stresses the importance of a firm's activities and "pre-export" behavior for the export start. Of special importance in the model are factors such as information, characteristics of the decision-maker, the enterprise environment, and the extraregional expansion of the firm. The model is based both on more "traditional" research in international business and recent developments in location theory.

■ In this article a model is developed that stresses the role of a firm's "pre-export" activities in its export start. Of special importance in this model are factors such as the characteristics of the decision-maker, the enterprise environment, the extraregional expansion of the firm, and information.

The particular focus of interest is domestically-owned and -operated manufacturing firms—i.e., those firms that are not foreign-owned in the country of origin. A major reason for concentrating on such companies is that overseas-owned subsidiaries are likely to be subject to a different array of forces than are their domestic counterparts.¹

We make the assumption that all firms, when they start, are nonexporters and sell to a local market. This is in accordance with Burenstam-Linder's basic proposition.²

Most firms are rather small when they perform their first export activities. For this reason we can make another important assumption: there is only one decision-maker in the firm who makes all important decisions.³

A rather limited number of studies have been made of the export start.⁴ Many of these studies may be criticized because they treated only those firms that already were exporters; i.e., no explicit account was taken of firms which were nonexporters but were considering whether to become involved in exporting. Also, no account was taken of the local environment of the firm or the expansion process within the domestic market which a firm goes through before the export start—a process which, we think, has important implications for the internationalization of the firm.

The model is illustrated in schematic form in Figure 1. Basically it suggests that different kinds of attention-evoking factors are exposed to the decision-maker. The type and

INTRODUCTION

OUTLINE OF THE MODEL

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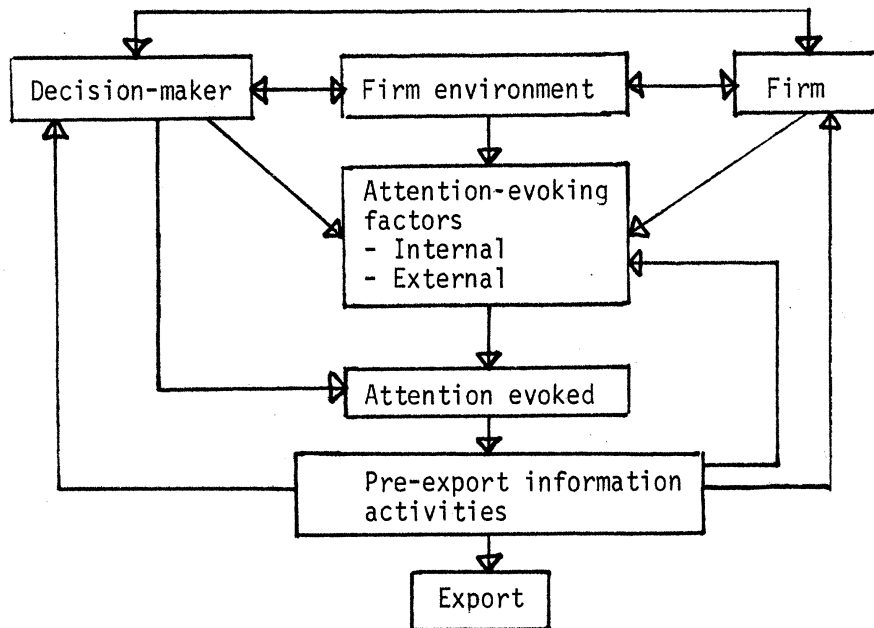
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amount of attention and how it is perceived by the decision-maker is, to a considerable extent, dependent upon the three factors—decision-maker, environment of the firm, and the firm itself—plus the interaction between these factors. That is, the perception of attention is dependent not only on the characteristics of the individual decision-maker per se, but also on the environment in which he acts. But it is a two-way process: the decision-maker is influenced by his environment and at the same time is creating a new environment through his and the firm's activities.

FIGURE 1 Factors affecting the Pre-Export Activities of the Firm



DECISION-MAKER CHARACTERISTICS

Decision-maker characteristics operate at two levels in the model—i.e., both in influencing factors and in influencing their perception. In this respect the value system and the past history and experience of the decision-maker himself is important. For example, a decision-maker may have gained experience with another firm that was involved in international operations, and from this experience he has developed contacts and knowledge of relevant export market opportunities. Thus, to the extent that they are separate, the exposure to attention-evoking factors may flow more directly from the personal characteristics and experience of the decision-maker rather than from the background characteristics of the firm.

Like Connor and Becker we suggest that the different values of a decision-maker may be characterized by the concept "value-profile."⁵ As it is very difficult to describe and measure a complete value profile, we propose a concentration on one specific aspect: a decision-maker's international outlook; i.e., the extent to which he perceives and considers, as interesting, events occurring outside his own country—or perhaps even outside his own local environment.⁶ As has been suggested by Simmonds & Smith,⁷

differences between individuals in this dimension may explain differences in behavior. In their investigation they found a significant overrepresentation of individuals with high degrees of international orientation; e.g., many persons born abroad or with experience from living abroad. Stopford, investigating the origins of British multinational enterprises, also found international orientation to be important.⁸

It is likely that an individual with a high degree of international orientation will have a higher probability both of being exposed to attention-evoking factors and of perceiving them. Furthermore, his international outlook will have an impact on the firm's pre-export behavior.

An additional influence on the type of pre-export behavior adopted will be the decision-maker's perception of the uncertainty associated with moving into exporting. The impact of the perceived level of uncertainty, initially, in terms of influencing pre-export behavior, will depend on the level of uncertainty tolerance of the decision-maker. Obviously, no matter how strong the export stimuli might be, the perceived uncertainty may be too high for the firm. It should be emphasized, of course, that a high level of perceived risk and uncertainty, even combined with a low degree of tolerance, will not necessarily prevent a decision-maker from adopting some form of active pre-export behavior depending on the strength of export attention evoked. The behavior adopted may be seen as an attempt by the decision-maker to reduce the uncertainty of exporting.

The location of the firm in the domestic market is an important explanatory factor in the model. This, of course, applies to transport costs of physical goods; but perhaps a more important relation is to information flows. One of the reasons given for high efficiency in urban regions, at least up to a certain size, is that a large number of firms and places of work, concentrated in a small area, improves the conditions for production and creates a favorable "enterprise environment."⁹

This is especially true in the case of "information production"¹⁰ that contains a high proportion of face-to-face contacts, since direct personal contacts often are more efficient than other means of contact. Direct personal contacts are preferable when the exchange of information involves uncertainty or when it is rather impossible to foresee what will happen when the information transmitted creates new situations demanding new exchanges of information.¹¹

A classification used by Thorngren¹² can further clarify the problem. He distinguishes three types of planning processes: programmed, planning, and orientation. Programmed processes are related to routine transactions with the environment, and planning processes relate to changes of programmed processes. Orientation processes are aimed at directing the planning processes through extensive scanning of the environment. The three types represent a progressively wider search of the organization's environment and also a progressively greater reliance on information flows.

The export start can be categorized as an orientation process and is therefore especially dependent on face-to-face contacts and other types of informal contacts. Firms with a domestic location far away from "information centers," such as large cities, will therefore be at a disadvantage; i.e., they will suffer from a "spatial bias" in information flows.¹³

Especially if we assume that decision-makers use limited search behavior (Cyert and March 1963), they are less likely to be exposed to exogenous export stimuli than is a firm located within an information center. The bias will be even more pronounced if this center has good communications with other countries; e.g., through visiting foreign businessmen. An opposite causal direction is, of course, also possible—firms with export intentions locate near information centers. Face-to-face contacts are also important for changes of attitudes. An environment that contains exporting firms will

DOMESTIC ENVIRONMENT AND LOCATION OF THE FIRM

probably create positive attitudes toward exporting among nonexporting firms, at least if the exporters are successful.

Another important aspect of the location of the firm is its impact on the mental map¹⁴ of the decision-maker; i.e., the perception he has of his environment, including foreign markets. The mental map is of course closely related to the previously mentioned international outlook.

CHARACTERISTICS OF THE FIRM

There are, of course, several characteristics of a firm that could have an effect on the pre-export behavior of the firm. We have selected four factors which we think are of special importance: goals of the firm, product line, history of the firm, and extraregional expansion. This last factor could also be seen as a part of the history of the firm.

Goals of the Firm

This factor relates to the goals of the firm and their degree of realization. The first influence—the avoidance of undue instability in its sales performance—is related back to a basic goal of the firm; i.e., security and survival. The more unpredictable the firm perceives variations in its sales performance to be, the more concerned it will be to find other sources of sales and growth in order to insulate it from potential disturbances. By raising the risk and uncertainty of present operations, instability reduces the perceived risk and uncertainty of creating and marketing a new product, or selling internationally. Both of these forms of diversification provide an insulating function ensuring that a firm, while suffering a loss in one market, is less likely to experience a loss in all. Thus, where the basic security of the firm is threatened by market fluctuations, a powerful reason for export operations may be developed.

The results of our survey of Australian exporters reveal that the desire for sales stability with growth was the most frequently mentioned reason for the initial interest in exporting. Whereas the firm is likely to have a number of goals, of particular importance for the firm's export start will be the extent to which it is growth motivated. The profit motive is obviously important, too, but we shall assume that profit motive is reflected in the firm's attitude toward growth; i.e., by growing, a firm is able to fulfill its expectations regarding profit. At a basic level, the stronger the firm's motivation to grow, the greater will be the activity it generates, including search activity for new possibilities, in order to find means of fulfilling its growth ambitions. Such an approach is likely to cause it to consider the possibility of exporting as one growth strategy. Over time, the firm's attitude toward growth will be influenced by the type of feedback which it has received from past expansionary efforts; e.g., from extraregional expansion.

Product Line

One important characteristic is type of product line. Products can be described in different dimensions; e.g., degree of standardization, degree of complexity, and the software/hardware relationship in the amount of sales.¹⁵ The most important dimension for our purpose is the software/hardware relationship since it stresses that a product is, in effect, a "package of services." The higher the hardware content—given the degree of technical complexity—the smaller the information flow needed between seller and buyer, and, therefore, the greater the chance for a potential seller of being exposed to export stimuli. Products that include a more comprehensive package of software demand more extensive flows of information and closer contacts between seller and buyer. This tends to favor already established business connections and consequently tends to decrease the possibility of an "outside" firm getting an order.¹⁶

The decision-maker's perception of and response to export stimuli will be influenced not only by his view of the future, in relation to the present situation, but also by the firm's past history. What a firm is capable of responding to, and the strategies it is capable of adopting, will be constrained by its past behavior and actions. In fact, a firm may have to pass through a type of internationalization process within the domestic market before it is prepared for its export start. Perhaps it is more relevant to distinguish between a local market and a distant market than between domestic market and export market.

As a firm expands its operations into more distant regions, it is moving into less familiar territory; i.e., more "foreign" markets. Communication is more difficult and costly than for the local region. But, as these barriers are overcome, the relative "foreignness" of distant markets is reduced. Also, the firm is likely to develop skills in marketing a product at a distance. Necessarily too, as the firm expands into additional regions in the domestic market, it will extend its communication network. From the extended network, there is a greater likelihood of exposure to attention-evoking factors—e.g., in the form of a fortuitous overseas inquiry.

Empirical research conducted in Australia tends to confirm the importance of the extraregional expansion process as an important factor in "preparing" exporters. Australia provides an appropriate test of this factor because it is a federal system with six states, and interstate movement is constrained by the differences between the states as well as the geographical distance involved in such movements, especially between the capital cities of each state.

The main results of the Australian investigation were:¹⁷

- virtually all exporters sold interstate before beginning export sales;
- more than half of the exporters were selling in at least four states, apart from the home state, by the time they began to export;
- while only one exporter had not sold interstate, slightly more than half of the nonexporters without export experience had not sold outside their "home" state;
- nonexporters were more heavily reliant on sales to the home state;
- those nonexporters that had sold interstate took almost three times as long on average as exporters to make their first interstate sales.

In other words, exporting firms usually expanded interstate well before their first export sale, and spread interstate more quickly than did nonexporting firms. These results indicate that associated with extraregional expansion are forces contributing to the likelihood of a firm's becoming exposed to attention-evoking factors; i.e., exposure to attention-evoking factors is less likely for firms not able to expand successfully beyond their base region.

Attention-evoking factors provide the real input in the operation of the model—although it should be noted that they have an effect only to the extent that they are perceived by the decision-maker. "Attention-evokers" are those factors or influences which cause a firm to consider exporting as a possible strategy. They represent the "triggering cues" in relation to decisions about pre-export behavior. They may have been latent for some time¹⁸—i.e., unrecognized as relevant to exporting—but it is only in an active form that they are included in the pre-export model.

They may have been activated by other influences—e.g., experiences from domestic expansion—which have prepared the firm to the stage where it is capable of recognizing the attention-evokers. It is in this sense that the characteristics of the firm and its market are distinguished from the attention-evoking factors. The former factors are background variables; they play an important role in preparing the firm so that it can become exposed to attention-evokers. As noted, the background characteristics are not static; they modify over time and produce changes which are important in opening up the firm or, bringing the firm to the stage where it is more likely to recognize latent but

operative attention-evokers. This is not to deny that, whatever the degree of background "preparation" of the firm, exposure to attention-evokers is still possible. However, the exposure is less likely without the positive preparation of the various background influences. Also, the type of preparation for exposure to attention-evokers will naturally have an effect on the type of response by the decision-maker to the stimuli factors. For example, the experiential history of the firm will be the context in which attention-evokers are analyzed and the basis on which further strategies, including pre-export activities, are adopted. It is important to stress at this stage that the decision-maker may be activated by both present and expected values of the variables that act as attention-evokers. Expected values are likely to be of special importance in the context of pre-export activities.

Among the various types of attention-evokers, the main distinction is drawn between those internal to the firm and those in the firm's environment. This distinction is important because it provides a framework for examining whether a firm's export start was stimulated mainly by the internal qualities of the firm, or due to factors operative in its environment.

Internal Attention-Evokers

The internal stimuli factors can be specified in different ways depending on the choice of description level. We shall discuss two main groups:

- (1) unique competence;¹⁹
- (2) excess capacity in the resources of management, marketing, production, or finance.

These groups of factors are, of course, to some extent dependent upon each other.

(1) Explanations of why a unique competence leads a firm to seek the exploitation of world markets, via trade or investment, usually turn on the fact that there would have been certain sunk costs incurred in developing the competence. Where such costs of initial discovery do not have to be repeated, they can be spread further by the widest possible exploitation. In other words, the opportunity cost of the unique asset in other markets will be zero or very low.²⁰

When a firm is aware of the unique asset it possesses, it is more likely to search for wider exploitation of its advantage, including the testing of distant markets. By this means it is able to maximize the return on its advantage while it remains. The other feature of the unique asset, which is important to bear in mind, is that it has a larger attractive power over potential buyers in the environment, once they have become informed of the existence of the competence and its characteristics. In our survey of Australian firms more than 40 percent of the firms mentioned either a new product or product superiority as an important factor in their initial export move.²¹

(2) The second group of internal attention-evoking factors concerns excess capacity; i.e., present or anticipated free capacity in the firm's resources. Such availability tends to push the firm to examine expansion possibilities—including exporting—as a means of utilizing its free resources. (See Penrose 1959.) It is important to stress that excess capacity does not refer only to productive capacity, but to all kinds of resources over which a firm disposes.²²

External Attention-Evokers

In the group of external attention-evokers, the following factors may be identified:

- (1) fortuitous orders from foreign customers;
- (2) market opportunities;
- (3) competition;
- (4) government export stimulation measures.

(1) The first group, fortuitous orders, has been mentioned in a number of studies as

the most important factor behind the export debut.²³ However, it is essential to note that the likelihood of acquiring such an order will in many cases be dependent upon the pre-export activity of the firm; i.e., the way it has acted before it realizes its first export sale.

(2) The revealing of market opportunities abroad may also exert a strong influence upon a firm's willingness to export. Empirical evidence from our own investigations shows that market opportunities are important even though they, like most other factors, are not a sufficient condition for the creation of new exporters.

(3) Competitive stimuli can arise either from a tendency among domestic competitors to go abroad,²⁴ or from stronger competition in the domestic market caused by domestic or foreign competitors.

An investigation of new exporters among Swedish engineering firms revealed that 95 percent had a stable or increasing share of the domestic market.²⁵ This result obviously questions the importance of the competition stimulus to exporting.

(4) Government stimulation measures are a further possible influence, not only in terms of any direct financial effects they may have. The role of the government may be crucial in other areas; for example, as related to the provision of information regarding market opportunities in a foreign country. These observations about the effects of export promotion have not been tested empirically to any large extent, but a recent study in Sweden²⁶ indicates that it may have relatively minor effects, at least in its present traditional forms.

The aspect of pre-export activities with which we are particularly concerned is the information activities of the firm. These activities will be described in terms of the:

- willingness to start exporting;
- information transmission activity;
- information collection activity.

In these dimensions we will distinguish three groups of firms: active, passive, and domestic. These groups are illustrated in Figure 2.

**PRE-EXPORT
INFORMATION
ACTIVITIES**

FIGURE 2 Groups of Pre-Export Activity

DIMENSIONS \ GROUP	Willingness to start exporting	Information collection activity	Information transmission activity
Domestic	<i>None to low</i>	<i>None to low</i>	<i>None to low</i>
Passive	<i>Low to medium</i>	<i>Low to medium</i>	<i>Low</i>
Active	<i>Medium to high</i>	<i>Medium to high</i>	<i>Low to high</i>

We expect most firms to be situated in the domestic group when their activities begin. The majority of firms will remain in this group for several possible reasons: their products are not suitable for export markets, their location is not suitable for exporting, or they may be content with servicing the local market. In fact, the chance of becoming an exporter while demonstrating domestic pre-export activities is rather small. A movement from the domestic group to the passive or active group will be caused by internal or external changes—or both. Internal changes in the form of an increase in willingness to export followed by an increase in information collection (see Figure 2) have two main causes:

—a new decision-maker or changes in attitudes on the part of the existing decision-maker or his immediate environment. An exchange of decision-maker is often connected with major or minor alterations in the organization and behavior of a firm. A technician might be succeeded by a more marketing oriented decision-maker who probably has different attitudes toward exporting.

—external changes; i.e., an increase in information collection followed by an increase in willingness to export, might be caused by “random information” from the immediate environment of the firm in the form of, for example, conversations with colleagues and customers.

It is important to stress the fact that these groups represent only three typical patterns. A specific firm may expand its willingness, collection, and transmission activities in a completely different way. It is, for example, reasonable to expect the existence of compensation possibilities between the different dimensions, or that different dimensions are leading or lagging in different environments of the firm.

Changes in a specific decision-maker's attitudes and reactions may occur as a result of experiences from earlier activities. Positive experiences—e.g., in the form of new potential markets or potential customers—tend to reinforce a decision-maker's active pre-export activities and normally lead to the start of export sales. Negative experiences from an active pre-export behavior can, on the other hand, lead to a withdrawal to passive or domestic activities. Of course, active pre-export behavior is often undertaken with a preconceived view of the feasibility of exporting, so that information activity is carried out in a rather selective manner. As a result, some decision-makers would, for example, regard the information that their prices were uncompetitive in an export market studied as positive feedback—i.e., confirming their preconceived view. In other words, positive and negative feedback will have different meanings for various decision-makers in the same situation. Positive feedback does not always mean that the information about exporting is favorable.

It is quite probable that a certain firm, during the period from its start to its export debut, will move a number of times between different pre-export activity groups. The feedback effects from pre-export activity depend to a large extent on the type of activities that are chosen. The more active the behavior, the larger the possibility of strong feedback effects, positive or negative. This feedback of experiences will be an important source for the factor “history of the firm.”

One conclusion from the discussion would be that firms demonstrating dominantly active pre-export activities will have less difficulty in starting their extraregional expansion process and in becoming exporters and also will become exporters sooner than will firms in other groups.²⁷ Also, it is possible to argue that active pre-exporters are more likely to continue and to grow more strongly as exporters than firms from other groups that might have begun exporting. The forces that have encouraged a firm to actively seek export markets are likely to continue and to support an expansion of export activity. In addition, because a firm has actively sought export markets—that is to say, made preparations for carrying out such operations—it will be in a better position to fulfill the demands imposed by them. Of course, it is always possible that a firm will withdraw from export operations; e.g., because of some negative experiences or because export operations were used only as a temporary help to domestic operations.

One possible explanation of a withdrawal from export markets would be that a firm, due to a fortuitous order, for example, started exporting too early—i.e., before it had collected or transmitted enough information—and, therefore, found exporting too risky.²⁸

The general approach to the nature and effects of pre-export behavior, as outlined here, is supported by the empirical results. At this stage, however, the results should be regarded as suggestive, with further empirical confirmation required in the future. In the Australian case, only the nonexporting firms are examined because exporters were unable to provide sufficient information regarding their pre-export activities.

Empirical Results

The thirty-five nonexporting firms without export experience that provided usable replies could be divided into three main groups according to their pre-export experience:

- (1) Eight firms (23%) were engaged in active pre-export information activities. Of this group, one firm did not provide details of its activity; but, of the rest, all except one had been involved in some form of both information collection and transmission activity. In addition, these eight firms were the only ones from the total that answered positively to the question: Are you planning to export?
- (2) Five firms (14%) indicated that although they are not currently engaged in pre-export information activities, they had been active in the past. However, in all cases, they replied that they were no longer planning to export and that their withdrawal from an interest in exporting was because of negative feedback from their past efforts.
- (3) The final group of twenty-two firms (63%) replied that they were not planning to export. Also, they had neither transmitted information to, nor collected information about, export markets. In interviews, a number of them expressed a genuine sense of surprise that they should be asked questions relating to the export market.

TABLE I. Main Categories of Nonexporters' Pre-Export Experience
Export Related Information Behavior

Groups	Planning to Export?	Current	Past
1	Yes	Yes	Not Relevant
2	No	No	Yes
3	No	No	No

These results support the general approach taken to the various types of pre-export activity, ranging from domestic to active.

Also, they confirm that the attitude toward exporting, derived from the perceived strength of export stimuli, is aptly reflected in the type of pre-export information activity adopted. The experience of firms in Group 2 also confirms the role of feedback from active pre-export activities as a factor in the continuance of such activities and, thereby, in the creation of new exporters. Quite clearly, an overall assessment of the three groups leads to the conclusion that the most likely source of new exporters is Group 1—that is, those firms actively involved in seeking to generate export sales.²⁹

Our model stresses the pre-export activities of the firm as an important explanation of the start of an internationalization process. In addition to more “traditional” factors such as decision-maker characteristics and product line, we stress the importance of the history of the firm and the environment of the firm. An important part of a firm’s history is the experience from extraregional expansion—a process which might be called “domestic internationalization.”

CONCLUSIONS AND IMPLICATIONS

In the enterprise environment factor we stress the importance of contact patterns that allow an efficient exchange of information, creating possibilities for "contagion transmission" of ideas from other firms, in different stages of expansion. These contacts are likely to change the attitudes and mental maps of decision-makers. If our model is correct, it has important implications for export promotion, for example.

Export promotion for individual firms, in the form of direct economic benefits offered in relation to export operations, is not enough. Such benefits will perhaps positively affect those decision-makers who already have or soon would, in any case, have demonstrated active pre-export or export activities.³⁰ The economic advantages will make their export marketing strategy look even more attractive. But it seems less likely that such benefits should affect the attitudes of those decision-makers who perform more passive activities and have less positive attitudes toward exporting. Financial support will probably affect neither their will nor capability of information treatment in a positive way, nor their ability to act upon the information available. It would be more efficient to improve the information climates for both individual firms and their specific region by offering services that can improve the ability to handle export information.³¹

Of course, the theoretical framework presented in this article needs development. Among the most promising directions for further refinements is the study of linkages between organizational growth and locational evolution, as presented by Taylor 1975 and Hamilton (ed.) 1974.

An area of particular interest for our efforts in the immediate future is the nature of the information environment of the firm, including communication links and levels, as it bears on the export start.

APPENDIX *Empirical Investigation:* Empirical testing of various aspects of the model's operation was conducted in Australia. It should be pointed out that the model represents a framework for the future development of more partial models of a qualitative and quantitative kind which are open to operationalization. The empirical tests, so far, point the way to the type of research which should flow from a model of this nature.

The investigation involved a survey of seventy-five Australian manufacturing firms in five different city locations. More than three-quarters of the firms came from a general grouping of engineering machinery and metal manufacturers. Statistical generalization of the results is restricted by the low response rate of 8.7 percent. The respondent firms fell into three main categories:

- exporting firms (26);
- nonexporting firms with export experience (14);
- nonexporting firms without export experience (35).

Most firms were relatively small with all nonexporters having fewer than 200 employees, while 77 percent of exporters also had fewer than 200 employees. All firms were fully Australian-owned. The survey tested the extent of extraregional expansion as measured by sales to other Australian states, type of pre-export behavior and stimulus to export start.

FOOTNOTES

1. For example, the initial decision to start exporting could be taken in the headquarters of the parent company as a result of a global marketing decision, and sales might be organized through a global marketing network. Of course, the distinction is not clear-cut in all cases, but the potential difference is sufficient to justify separating the two groups for the purpose of analysis. De La Torre 1972, uses the same distinction in his investigation of Colombian exporters.
2. Burenstam-Linder 1961, p.87.
3. Several studies support this proposition. See, e.g., Mintzberg 1970 and 1973, Hyrenius and Sjögerås 1974, Langston and Teas 1976.
4. A review is given in Bilkey 1976.

5. Connor and Becker 1975, p. 555.
6. International outlook is one aspect of an individual's "mental map"—i.e., a map of a person's perception of the surrounding world. See Gould and White 1974.
7. Simmonds and Smith 1968, p. 95.
8. Stopford 1974, p. 318.
9. See Pred 1974 for a general survey.
10. Information production means collection, processing, and transmission of information performed by the "information unit" in a firm, as distinguished from the reception, processing, and issuing of materials and goods performed by the production unit. See Törnqvist 1970, Ch. 1.
11. See Törnqvist 1970, Ch. 1, for a discussion of these aspects.
12. Thorngren 1970, p. 413.
13. See Pred 1976, for a discussion of such "spatial biases" in the availability of "specialized" information; i.e., information useful in a specific decision situation.
Pred notes that the need for "positively spatially biased" information is particularly emphasized in nonroutine decisions which have few or no precedents. Individuals tend to reduce risk and uncertainty by relying on known contacts in their information network.
14. See Gould and White 1974.
15. Hardware refers to the proportion of the sales value caused by physical goods, while software refers to the proportion of the value caused by services rendered to the buyer or user before, during, and after the delivery.
16. Håkansson and Wootz 1975, found that the supplier pattern of a firm is very stable and that the first international purchases concern uncomplicated products with high hardware content.
17. See also appendix.
18. See Mintzberg, et al. 1976, p. 253, ff.
19. This competence can exist in the form of a unique product or a unique competence to solve problems.
20. See Caves 1971, p. 4.
21. Daniels 1971, p. 18 reports similar results.
22. In a Swedish investigation of new exporters in the engineering industry, excess capacity in production was not very common when the firm started to export. See Karlsson 1973.
23. See, e.g., Simmonds and Smith 1968, and Simpson and Kujawa 1974.
24. This "follow-the-leader" behavior has been examined by Knickerbocker 1973.
25. See Karlsson 1973.
26. See Olson 1975.
27. This proposition is supported by results in Olson and Wiedersheim-Paul 1978 and Welch and Wiedersheim-Paul 1977.
28. In our survey of Australian firms we found that nonexporters with export experience, all of whom started operations in the postwar period, on average began export sales faster than those in the exporting group—six years compared to ten. This result could indicate that some firms started too early.
29. Compare these results to the "stage model" of Bilkey and Tesar 1977.
30. Compare Olson 1975.
31. As Dervin 1976, emphasizes, the information environment of an individual for the purposes of decision making cannot be simply improved by providing more information.

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