

How “export-able” are you? A review of the export readiness literature

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Abstract

This report aimed to provide a holistic review on the extant academic literature of export readiness. Export readiness, sometimes known as pre-export or internationalization readiness, highlights the stage in which a firm potentially transits from a purely domestic firm into an international firm. It is a crucial stage because not all firms become international, although exporting is empirically proven to merit firms on their survival and growth and they are exposed to similar facilitating conditions. Although Cavusgil (1980)'s famous I-model already featured this stage between pure domestic firms and exporting firms, the review reveals that export readiness is currently still an under-researched topic in scholarship; thus, practitioners and policy-makers are not fully aware of the importance of it.

The review was conducted via desk research. We examined pertinent papers published in influential management journals (in terms of number of times being cited) by doing intensive keyword search using two comprehensive academic search engines, *Google Scholar* and *ISI Web of Science*.

We illuminated the topic by providing an overview of how export readiness conceptualised and defined; introducing promoting stimuli and barriers that hinders the pre-export firms to progress; taking account of the status quo of exporting in Scotland briefly; and lastly, providing some recommendations to the future theoretical development and to policy makers. A list of seminal papers on export readiness was appended.

Policy-makers must uncover the myth of the pre-export phase for themselves as well as for domestic SMEs. A tailored programme for servicing domestic firms who are 'export-ready' may be developed and operationalised. They may also investigate what promotes the phenomenon of 'born-globals' who skip the pre-export stage and internationalise at or soon after inception.

Introduction

Internationalisation is an important leap forward for domestic firms to seek survival and growth. A small and medium enterprise (SME) may start exporting with or without a plan. The Department for Business, Innovation, and Skills (BIS) (2010) identified three ways that SMEs may embark on exports when: 1. new overseas customers approached the SME directly; 2. the SME actively sought new overseas customers; and 3. the SME was introduced to an overseas customer from an existing client. Currently in the UK, the top three opportunities for SMEs to exporting are spreading customer base, increasing sales, and increasing turnover; meanwhile, the top three barriers to exporting are “regulations”, “language/culture issues”, and “time and effort it takes” (Blackburn and Wainwright, 2010).

At the macro level, **international activities of these firms can help to trade their way out of the downturn and make a significant contribution to a country’s effort for having a positive balance of payment.** Although research on international business has been vibrant in the past decades, the pre-internationalisation stage of the firm has insofar received little scholarly attention.

Although exporting involves additional costs and uncertainties to those faced when serving local markets (Andersen 2006), there is evidence that exporters have higher levels of survival, productivity and growth in relation to non-exporters (Baldwin and Gu, 2004; Wagner, 2007). Achieved partly by scales of economies, **only those firms with sufficiently low marginal costs have the profits large enough to cover the fixed costs of international market entry, and to bear the costs of further expansion into foreign markets** (Love and Mansury, 2009). Thus, exporting activities should be encouraged from a managerial point of view.

In this report, we assess the extant literature on export readiness. The export readiness concept recognises a firm’s potential transition from a purely domestic firm into an exporting firm. Our questions to be addressed in the proposed export readiness literature review would thus be: What are the stimuli (both internal and external) that would trigger or cue firms to export? What factors can increase the attitudinal commitment of the decision-maker? What are the barriers to export and how to

remove them? What support may be necessary to achieve the required level of ‘readiness’?

Hence, the objective of this report is to provide Scottish Development International an in-depth literature review that gives a clear sketch of existing academic research on the topic of export readiness. From the review, we also target to outline what support may be necessary to achieve the required level of “readiness”, irrespective of whether this is private or public sector provided.

The rest of the report consists of the following parts. First, we introduce our review method. Then, we begin our discussion by reviewing Cavusgil (1980)’s I-model that depicts a traditional firm’s growth path to internationalisation, the concept of export readiness, export stimuli and barriers, and Scotland’s current state of exporting activities. Last, we conclude with some suggestions to policy-makers.

Research Method and Preliminary Results

The review is conducted via desk research. Intensive keyword-search in title and text (e.g. “pre-internationalisation”, “export readiness”, “export decision-making”, “pre-export”, etc.) was conducted on two comprehensive academic search engines: *Thomson ISI Web of Knowledge* and *Google Scholar*. To ensure research quality, we only include peer-reviewed papers published in journals with an impact factor rating above “1.00” on the *Web of Science’s Social Sciences Citation Index*. In addition, to be reasonably assured that all relevant studies are considered, a snowballing technique, which the bibliography section of relevant papers was carefully checked to identify any useful article, was supplemented. To highlight the search, a table that summarises the seminal papers of the field is appended.

We now introduce some of the search results. A Boolean search was conducted on *Web of Knowledge* on 14 May 2013. One advantage of this academic search engine is that it gives the number of times an article being cited by other articles so that we are able to identify articles with a high impact. The search yielded 332 results. The top three relevant articles were by Wiedersheim-Paul et al. (1978), being cited for 500 times; Morgan and Katsikeas (1997), being cited for 63 times; and, Tan et al. (2007),

being cited for 27 times.

Then, we conducted a similar research on *Google Scholar* on the same day. 110 articles contain the phrase “pre-internationalisation” and 237 have the exact phrase of “export readiness”. These results show that the pre-export stage of the firm has been somewhat examined but such investigations have not been commensurate. For example, a search of the phrase “export channel” would yield 2,250 results on *Google Scholar*.

A Firm’s Path to Internationalisation: Cavusgil’s I-model

Cavusgil’s (1980) famous I-model effectively summarised a traditional firm’s pathway to grow internationally (NB this paper has been cited for 1,107 times according to *Google Scholar*; however, the citation information is not available on *ISI Web of Knowledge* because its journal is not indexed). It has five stages; namely, **domestic marketing, pre-export, experimental involvement, active involvement, and committed involvement**. At the domestic marketing stage, firms are not interested or willing to experiment with exporting. Unfavorable attitudes or apathy and lack of awareness of foreign market opportunities are the main characteristics of those firms.

At the pre-export stage, on which this report focuses, various internal and external stimuli are responsible for arousing initial interest in exporting among decision makers. However, at this stage, management lacks important basic information. **It is not known what costs are involved, how the collection and exchange risks will be handled, how the distribution is to be arranged, and existing staff has no prior experience** (Cavusgil, 1980).

To continue, at the experimental involvement stage, firms initiate exporting to one or two countries, typically markets of close psychic distance, and the proportion of exports in total sales is marginal. Many firms only engage in indirect exporting at this stage, shifting some marketing tasks to middlemen. When firms enter new foreign markets, they expand the volume of exports, or export directly, shifting to active involvement stage. The most unique activities in this stage are: a systematic exploration of a large number of foreign market opportunities, establishing legal

requirements, and working with distributors located in international markets. The next stage in the internationalisation process may be characterised as the firm's transition into the position of a committed participant in international marketing. At this stage firms typically engage in such varied activities as licensing, strategic alliances, establishing sales branches in foreign markets, and setting up foreign production facilities (Cavusgil, 1980).

In short, although there are an increasing number of "born-global" exporting firms in recent years, Cavusgil's I-model still depicts a typical firm's growth path to internationalisation. Now we take a close look at the pre-export stage, where the readiness to export issue is assessed.

Readiness to Export: Part of a Firm's Internationalisation Map

We begin our review with a brief introduction of what we mean by readiness to export and how IB scholars approached the topic.

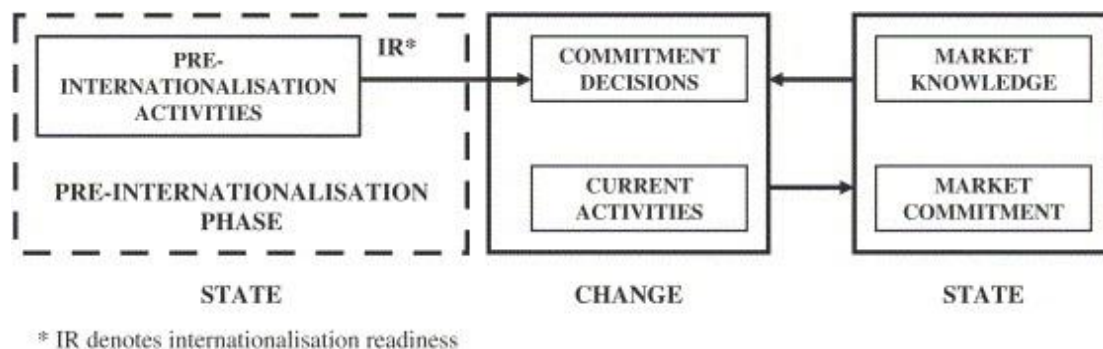
Much of the pre-internationalisation notion was stemmed from the Uppsala model (Johanson and Vahlne 1977). The view of internationalisation as a sequential process, as described originally by Johanson and Vahlne (1977), sees the firm's development prior to exporting a critical phase. Since the internationalisation process has a sequential nature, **the pre-internationalisation stage of the firm can be a critical phase to determine if it will proceed to internationalise gradually or cease the process.** When a firm initiates its first export decision, it exits the pre-internationalisation phase. For small firms that follow a traditional Uppsala internationalisation path (Johanson and Vahlne, 1977), that is, take their first step on the internationalisation path through exports rather than through the various other modes of entry (such as foreign direct investment or licensing), no single existing research has sufficiently and thoroughly discussed aspects of their internationalisation readiness. Even the original Uppsala model, which is the most well-known internationalisation model, fails to address the pre-internationalisation stage of firms (Johanson and Vahlne, 2009). By identifying and operationalising export readiness, one can provide a better understanding to practitioners of their firms' internationalisation prospects and also to improved public policy design of export

promotion programmes.

Figure 1 presents how the pre-internationalisation phase is positioned in the traditional Uppsala model. It can be seen as a learning stage experienced by every firm before its internationalisation (Johanson and Vahlne, 2003; Tan et al., 2007) The concept of internationalisation readiness offers firms the ability to better understand their preparation level for an international commitment. Thus, internationalisation readiness is “...a firm’s potential transition from a purely domestic firm into an international firm” (Tan et al., 2007, p.301), or, “...a firm’s preparedness and propensity to commence internationalisation” (p. 302). A firm's readiness to export should be assessed along two dimensions: organisational readiness and product readiness (Cavusgil, 1980). As the Uppsala model indicates, international commitment is positively linked with market knowledge. The cyclical state-to-change model illustrates a firm’s incremental nature in learning and knowledge and commitment. However, one limitation of this model is that it does not tell us how the process is initiated before internationalisation.

Figure 1. Positioning pre-internationalisation in the Uppsala model

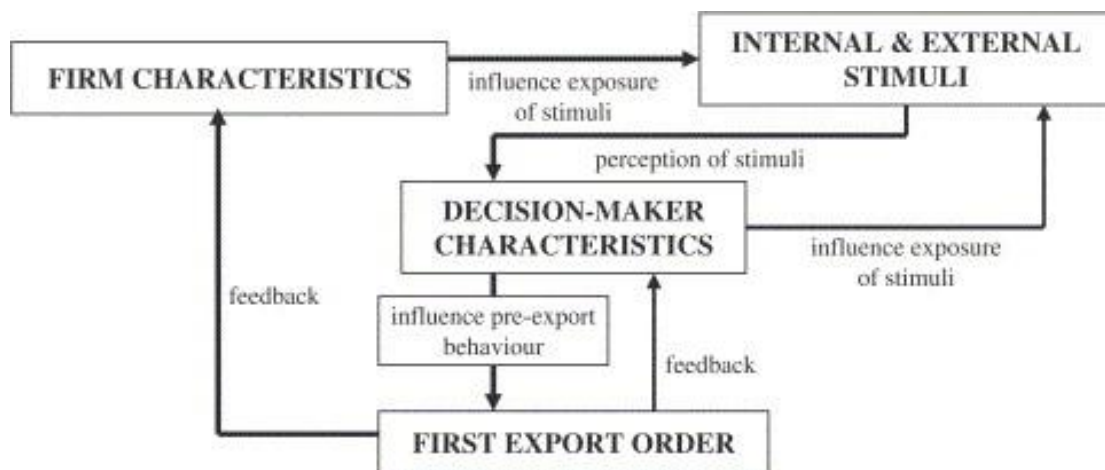
(Source: Tan et al., 2007)



Wiedersheim-Paul et al. (1978) made the first attempt to develop a pre-export model and identify stimuli factors of pre-export (Figure 2). They claimed that **decision-maker, environment of the firm, the firm itself, and the interaction effects between the three factors affect pre-export activities of the firm.** However, the pre-internationalisation perspective has not been well adopted in the IB field (Tan et al., 2007). These stimuli factors are often studied with internationalised firms. We did not find any study that researches firms from the pre-export stage to the exporting

stage using a longitudinal approach (cf. Vahlne and Johanson, 2013). The majority of IB studies focus on the internationalisation and post-internationalisation stage of the firm. It remains unclear how and why pre-exporting activities originates. There is lack of systematic research on how a “disinterested” firm becomes an “experimental” exporter, then an “active” one, finally, a “committed” one (Cavusgil, 1980).

Figure 2. A pre-export model (Source: Wiedersheim-Paul et al., 1978)



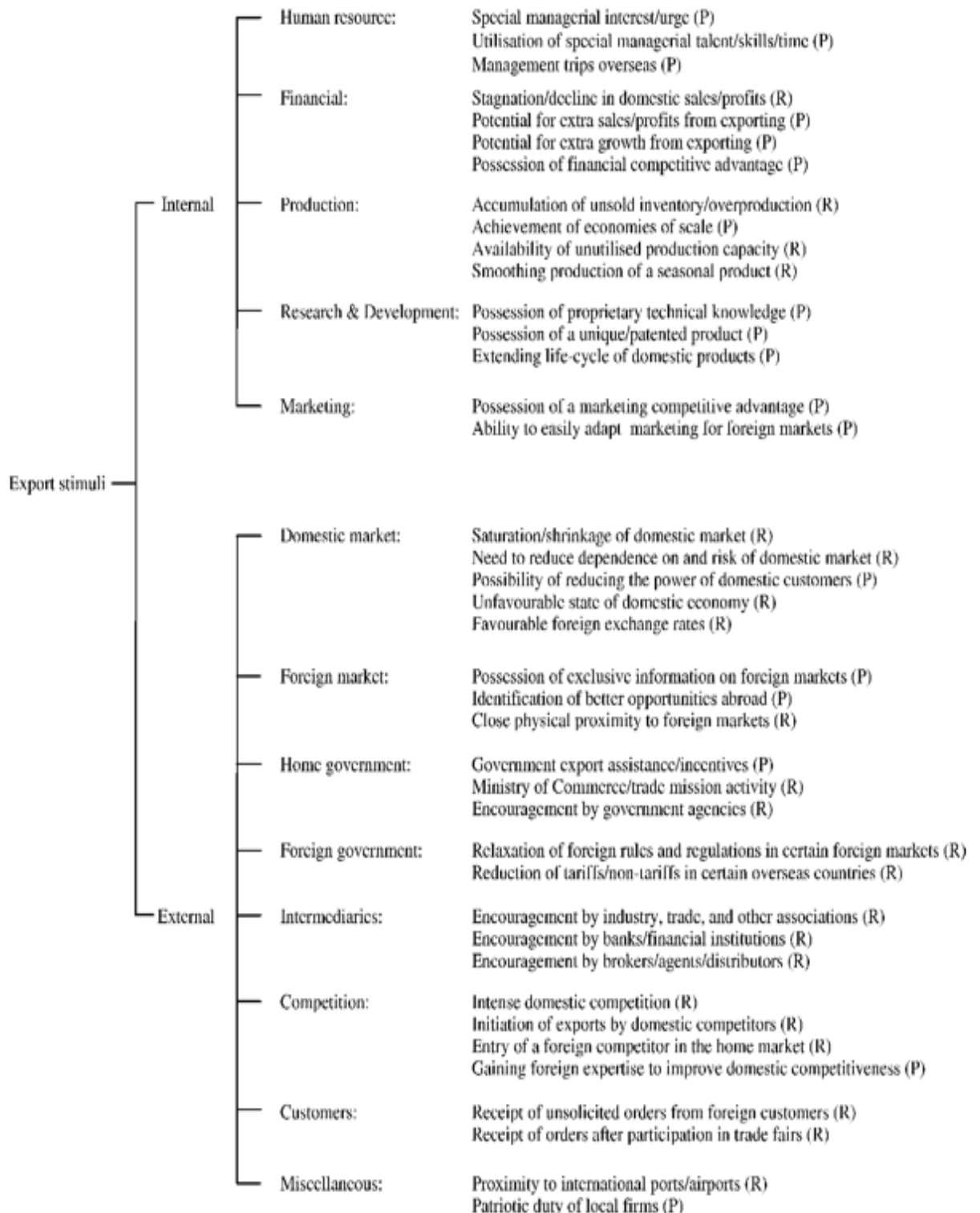
Prompted to export: stimuli factors

The stimuli factors can be considered to be either internal or external. Both types of stimuli provide valuable information input to firms on which decisions to expand abroad should be made (Caughey and Chetty, 1994). However, one critical observation is that many firms are exposed to these stimuli but not all of them end up pursuing an internationalisation strategy. A commonly used typology of export stimuli is to regard them as emanating either internal or external (locus) from/to the firm. Internal stimuli are those derived from influences endogenous to the firm, for example, economies of scale, or particular in-house competencies. Equivalently, external stimuli stem from the environment in which the firm operates, or may operate, e.g., government export promotion programs, or the bankruptcy of a competitor. In addition, according to their behavioural nature, stimuli can be of either proactive or reactive (cf. Stewart and McAuley, 1999). **From a policy-making perspective, the stimulation to export should be primarily based on proactive factors (e.g. fulfillment of sales, profit, and capitalisation on competitive advantages and strengths), rather than being a reactive response to various**

internal or external pressures (e.g. idle production capacity, a downturn in domestic economy, and saturated domestic market) (Leonidou et al., 2007).

To start with listing some important stimuli to internationalisation, Leonidou's (1998) study provided a useful reference list from the literature; it was more thoroughly summarised in a review by Leonidou et al. (2007) as exhibited in Table 1. They further ranked the impact of those factors (Table 2), which can have useful practical information. We additionally summarise some additional stimuli from other studies in Table 3. The repetitive keywords are learning, knowledge, and experience. For example, Shrader et al. (2000) argue that experiential learning significantly reduces negative attitudes and perceptions towards foreign markets, and leads to more realistic expectations of export effects on the growth and development of SMEs. To reflect on Wiedersheim-Paul et al.'s (1978) original pre-export model, **it seems that the pillar of "decision-maker characteristics" (i.e. the international entrepreneurship of owners/managers) has shown to have a bigger impact than the other two factors on a firm's export readiness.**

Table 1. Internal and external export stimuli categorised
(Source: Leonidou, et al., 2007)



Note: (P) = proactive and (R) = reactive

Table 2. Export stimuli ranking (Source: Leonidou et al., 2007)

Very high impact	Potential for extra sales/profits from exporting Potential for extra growth from exporting Possession of a unique/patented product Need to reduce dependence on and risk of domestic market
High impact	Receipt of unsolicited orders from foreign customers Special managerial interest/urge Availability of unutilised production capacity Saturation/shrinkage of domestic market Possession of financial competitive advantage Achievement of economies of scale Possession of proprietary technical knowledge Identification of better opportunities abroad
Moderate impact	Utilisation of special managerial talent/skills/time Stagnation/decline in domestic sales/profits Smoothing production of a seasonal product Possession of a marketing competitive advantage Possession of exclusive information on foreign markets Receipt of orders after participating in trade fairs Encouragement by industry, trade, and other associations Encouragement by banks/financial institutions Encouragement by brokers/agents/distributors Proximity to international ports/airports
Low impact	Accumulation of unsold inventory/overproduction Ability to easily adapt marketing for foreign markets Favourable foreign exchange rates Government export assistance/incentives Ministry of Commerce/trade mission activity Intense domestic competition Initiation of exports by domestic competitors Patriotic duty of local firms Close physical proximity to foreign markets
Very low impact	Management trips overseas Extending life-cycle of domestic products Possibility of reducing the power of domestic customers Unfavourable state of domestic economy Encouragement by government agencies Relaxation of foreign rules and regulations in certain foreign markets Reduction of tariffs and non-tariffs in certain overseas countries Entry of a foreign competitor in the home market Gaining foreign expertise to improve domestic competitiveness

Table 3. Additional export stimuli from the recent literature

Study	Stimuli
Acedo and Galán, 2011	Perceptions of risk and opportunity
Albarran et al., 2013	Domestic transport infrastructure improvements
Freixanet, 2012	Trade promotion
Ganotakis and Love, 2012	Productivity; commercial and managerial experience; education of human capital

Harris and Li, 2008	Science park location
Johanson and Vahlne, 2003	Experiential knowledge; resource capabilities; perceived psychic distance of the potential foreign market
Knight and Liesch, 2002	Internationalisation knowledge
Pinho and Martins, 2010	Knowledge of potential market; export personnel; technical suitability; degree of competition; financial assistance (governmental and financial institutions)
Shrader et al., 2000	Experiential learning
Wilkinson and Brouthers, 2006	State-sponsored trade shows and programmes

So what can these stimuli tell policy-makers? Leonidou et al. (2007) made **four suggestions that the government can stimulate export behaviour by:**

- improving existing export promotion programmes by designing them according to the specific needs of small manufacturers and making them more attractive;
- increasing coordination among the various government departments and agencies in order to enhance hands-on assistance provided to would-be exporters on export procedures, export market research, and strategic marketing matters;
- making various other government institutions more aggressive in turning small manufacturers into regular exporters, by providing financial, technical, or other assistance; and,
- facilitating firms to gradually move from exporting to other more advanced forms of internationalisation, such as forming joint ventures with foreign partners.

Barriers to export

Minimizing or alleviating the perceived inhibiting impact of barriers on SME firms' exporting decisions to export should be seen as equally important, should public agents be interested in promoting and implementing the most effective mechanisms to stimulate exporting of domestic firms (Pinho and Martins, 2010). **Understanding barriers to exporting activity should help in formulating public policy to**

stimulate firms to internationalise (Da Rocha et al., 2008), and so we outline the current state of knowledge on barriers for non-export firms. While scholars have carried out numerous studies on the perception of barriers to exporting, little consensus exists on the topic, primarily due to differences in method and content (Da Rocha et al., 2008; Uner et al., 2013). It is important to know that **export barriers tend to differ systematically by internationalisation stage** (e.g. active exporters, likely export, and non-exporter) (Bilkey and Tesar, 1977; Shaw and Darroch, 2004). For example, decision makers' perception of export barriers, regardless of the type of barriers considered, diminish as the firm moves further in the export development process (Suarez-Ortega, 2003).

Similar to export stimuli, the factors of export barriers can be categorised as internal and external. Leonidou (2004) further classified internal barriers into functional, informational, and marketing, while external barriers were separated into procedural, governmental, task, and environmental. Recently, Uner et al. (2013) has summarised a thorough list of export barriers in their review (see Table 4).

Table 4 Export barriers by classification
(Source: Uner et al., 2013)

Internal	
Informational	Limited in formation to locate/analyze market Problematic international market data Identify foreign business opportunities Inability to contact foreign customer
Functional	Lack of managerial time to deal with exports Inadequate/untrained personal for exporting Lack of excess capacity for export Shortage of working capital to finance exports
Marketing	
Product	Developing new product for foreign markets Adopting export product design/style Meeting export product quality standards Meeting export packaging/labeling requirements Offering technical/after sales services
Price	Offering satisfactory price to customers Difficulty in matching competitors' price Granting credit services to foreign customers
Distribution	Complexity of foreign distribution channels Accessing foreign distribution channels Obtaining reliable foreign representing Maintaining control over foreign middlemen Difficulty in supplying inventory abroad
Logistics	Unavailability of warehousing facilities abroad Excessive transportation/insurance cost Adjusting export promotion activities
Promotion	
External	
Procedural	Unfamiliar export procedures/paperwork Problematic communication with foreign customers Slow collection of payment from abroad Lack of home government assistance/incentives Unfavorable home rules and regulations
Governmental	
Task	Different foreign customer habits/attitudes Keen competition in foreign markets
Environmental	
Economic	Poor/deterioration economic conditions abroad Foreign currency exchange risks Political instability in foreign markets Strict foreign rules and regulation High tariff and nontariff barriers
Political-legal	
Sociocultural	Unfamiliar foreign business practice Different sociocultural traits Verbal/nonverbal language differences

Exporting in Scotland

In this section, the status quo of exporting activities of Scottish SMEs is summarised, because it provides a picture of Scotland's export propensity comparing with the rest of the UK and informs us the proportion of SMEs in Scotland subject to export readiness.

Generally speaking, the proportions of Scotland's exporting SMEs are slightly below the national average (Figure 3 and 4). Figure 3 shows that about 43% of SMEs in Scotland exports, well below that of the London region but above that of Wales. Alternatively, a BIS (2010) survey indicates that many firms nowadays are born-globals i.e. they start export at or soon after their establishment. Much recent attention has been focused on the internationalisation of either "born globals" (Gabrielsson et al., 2008) or international new ventures (McDougall and Oviatt, 2000), and more specifically on a subgroup of those firms – young, entrepreneurial, high-tech SMEs that start exporting from the early stages of their lives – and on the exporting activities

of more established entrepreneurial high-tech SMEs. Becoming international has a positive influence on the expansion of growth prospects for all firms, but this effect is likely to be better the earlier a firm initiates its internationalisation effort (Sapienza et al., 2006). These firms are viewed as engines of regional economies bringing in overseas income into the national and local economies (Blackburn and Wainwright, 2010). However, perceived barriers differ mainly for firms in the domestic marketing stage, pre-export stage and for born global firms (Uner et al., 2013). The national average of born-global exports is 68% of those exporting firms. Scotland has the second lowest born-global proportion (62%) just before North West (Figure 4). **These results may hint Scotland an opportunity to strengthen its support to encourage the born-global type of SMEs. Assistance programs should recognise varying needs, based on the actual experience, capabilities and resources of the firm.**

Figure 3. Exporting SMEs by Region (Source: Blackburn and Wainwright, 2010)

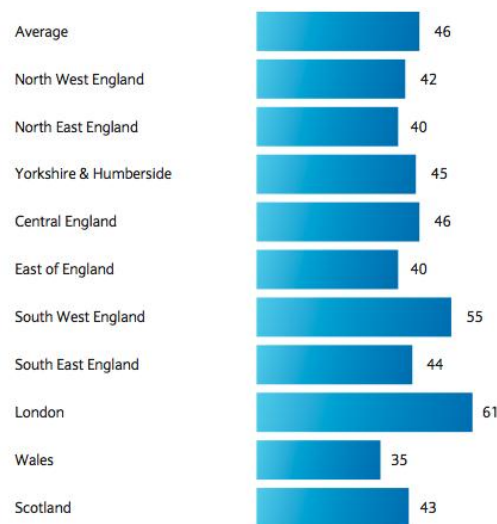
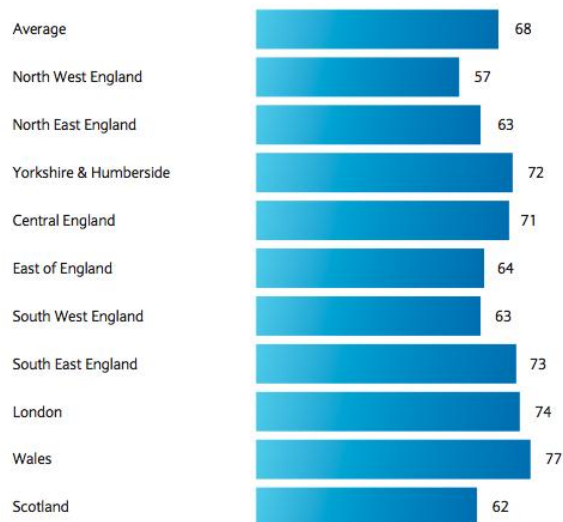


Figure 4. “Born-global” by region (source: Blackburn and Wainwright, 2010)



Bridging domestic firms with pre-export firms: a critique

After consulting the export readiness literature, which has covered the conceptual development, export stimuli and barriers, it is still a myth why some domestic firms enter the pre-export stage, while some do not. In other words, **although all firms are exposed to factors that can stimulate exporting, not all firms make the decision to start exporting.** This is a significant gap to be filled for academics. A well-channeled linkage is yet to be identified and theoretically built so as to connect domestic and pre-export stages with the rest of stages where the Uppsala model indicates. Meanwhile, a gap as such also bears vital practical and policy-making implications. Practitioners wish to know when they should be all set for internationalisation, without being constrained by either resources and capabilities or readiness. Public agents also need to find the most effective way to assist domestic firms who want to export and promote those who have not realised their potential.

Even though the management literature has not been able to well inform us on this area of interest, drawn from earlier discussion and the entrepreneurship literature, we attempt to make some explanation on how domestic firms internally transform themselves to be internationalising ones. Exogenous factors are neglected here for the purpose of this report. Generally speaking, we identify three internal elements to be critical in such evolvment. **The first element is at an individual level, the awareness and motivation of the owner/manager. The second and third elements are of firm-level characteristics. One is the dynamic capability of the firm and**

the firm's vision to growth and ability to explore and exploit international opportunities is another.

To begin with, the decision-makers of the firm must have international market awareness and motivation to go abroad. They also decide upon the speed, locus, and form of internationalisation (e.g. exporting, licensing, franchising, joint venture, subsidiary, etc.). Having the right leader can also make sure the attainment of the right pool of human capital, as Ganotakis and Love (2012) have maintained. The market aware can be informed and educated; however, the motivation or ambition is innate. It may be measured and evaluated using international entrepreneurial orientation (IEO), which typically consists of proactiveness, innovativeness and risk attitude (Covin and Lumpkin, 2011). Higher IEO is typically associated with higher propensity to internationalise. As SMEs are relatively small in their size, evaluating the IEO of the management is likely to give us a good estimate of how internationally entrepreneurial the firm is. Thus, **public agents may ask entrepreneurs to score themselves on the IEO scale (Covin and Slevin, 1989) and assess the firm's readiness to internationalise.** If their score is high, it may indicate that they have high motivation to internationalise but they require other assistance such as financial aid or market information.

Also, the dynamic capability refers to "...the firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base" (Barreto, 2010, p.270). It is also a process of learning and absorbing new knowledge about the market. This concept was originally developed from the resource-based view (Barney, 1991) and it refers to various resources and capabilities of the firm. For instance, Weerawardena et al. (2007) argue that firms require internal, marketing, market-focused, and networking capabilities before they consider internationalisation. For another example, it is much less costly for young firms (less than 8 years since inception) to develop dynamic capabilities for internationalisation; when they do start internationalising, they are able to mitigate such costs as they have a fortified base (Sapienza et al., 2006). Thus, **it would be feasible for public agents to help firms**

run a “health check” to see which capability is insufficient in the firm that needs to be strengthened before they go abroad.

Of equal importance is to have an international vision and exploit (international opportunities). Firstly, to clear out confusion, a vision does not equate a plan. Mintzberg (1994) claims that the most successful firm strategies are visions, not plans. Plans are tools to communicate and control. A step-by-step, proposal-style plan may be redundant for firms with an intention to internationalise. Mintzberg (1994, p.112) further argues that firms should not programme their strategies but stay flexible, “...sometimes strategies must be left as broad visions, not precisely articulated, to adapt to a changing environment.” Additionally, being able to sense and seize international opportunities is vital for SMEs to go abroad. It is also a differentiating factor between domestic firms and internationalised ones who are often exposed to the same group of stimuli and barriers. Opportunity is meaningless until it is executed (Ellis, 2011). **Policy-makers may refer SMEs to short seminars on how to recognise a profitable opportunity and how to utilise it.**

In short, given the dynamical nature of the firm even during its domestic stage, we suggest **employing a modified Uppsala model with input from studies on entrepreneurship research, dynamic capabilities, and research on management under uncertainty and opportunity exploitation (cf. Tan et al., 2007; Vahlne and Johanson, 2013).** Both individual-level and firm-level factors must be considered.

Recommendations

We conclude our review with some policy-making suggestions. Policy-makers must uncover the myth of the pre-export phase for themselves as well as for domestic SMEs. There is a huge potential for the government to make themselves known to indigenous SMEs and provide assistance to them. A recent European Commission survey on 6,649 SMEs in the 27 EU member states showed that nearly three quarters of internationally active SMEs are not even aware of any existing support from the government (European Commission, 2011).

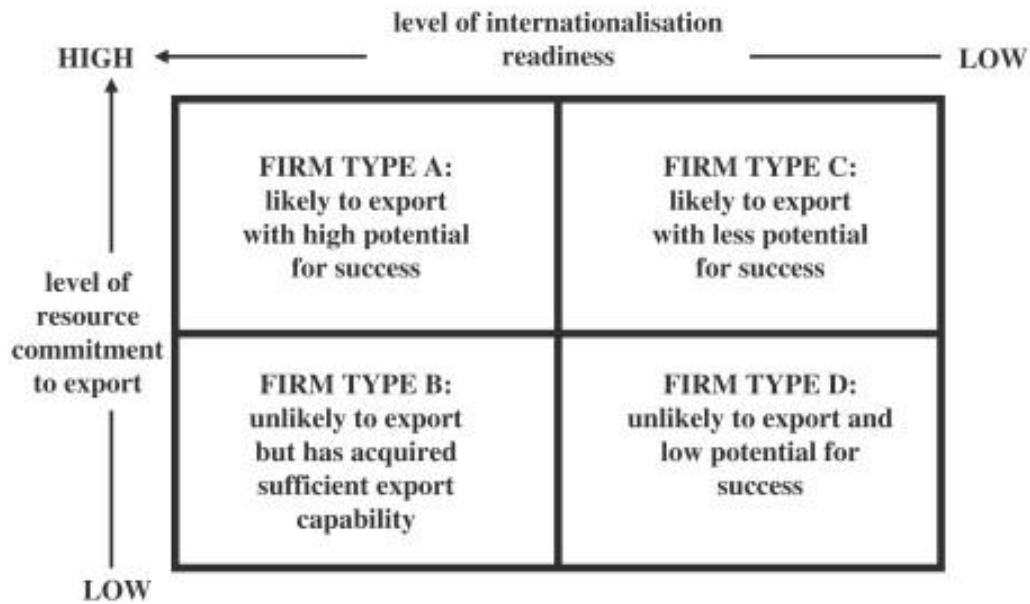
There has been empirical evidence that exporters are more productive than non-exporters not specifically because of benefits derived from exporting, but because they are more productive firms to begin with, and can therefore overcome the fixed costs of entering foreign markets (Ganotakis and Love, 2012). Firms could prove themselves to be productive by being exporters. **Policy-makers may pass this message onto firms and encourage the nurturing of their international entrepreneurship orientation.** In the same study using a sample of British SMEs by Ganotakis and Love (2012), they also found that the sets of human capital skills needed for entering and succeeding in export markets are likely to be different. It could be useful for policy-makers to advise firms to hire the right personnel for the right task, e.g. having employees well trained on export knowledge or previous international experience; and, how these skills and knowledge are encapsulated in the knowledge base of those export-to-be firms.

To additionally promote awareness and alertness to international opportunities, managers should be familiar with where to look for immediate assistance and which sources of advice can be exploited to maximise opportunities quickly. They should be educated that it is not necessary to develop detailed plans and take time to think before they internationalise. **Government support agencies may market their services clearly only to domestic SMEs in this regard; and, provide tailored advice on a responsive basis. An interactive website may be helpful.** It would include information on, for instance, country-specific rules and regulations; successful stories from internationalised SMEs; checklist for doing business abroad; a live chat system to allow managers to have their questions answered quickly in order to aid them make quick decisions.

Besides, export stimulation should be centered for government's support to domestically operated SMEs. The government may do so by giving information to domestic SMEs **on overseas trade fairs, which has been a routine practice for Scotland Development International for years.** On the other hand, the government should evaluate how receptive of firms to the dissemination of such information. For example, in which means of communication (e.g. periodical email, leaflets by post, social media) would be most effective way to reach the decision-maker (but not the receptionist) of the firm? How should the information be presented in order to catch

the decision-maker's attention and let him or her realize the potential value of participating in such events and then starting exporting? And, it may be useful to attach some further local (positive) information (e.g. local Scottish Enterprise office, locally established businesses from Scotland, market opportunities). Support programme evaluation is important because very few of over 300 support programmes in the EU member countries are properly evaluated (European Commission, 2011). Further, the **internationalisation readiness index (IRI)** proposed by Tan et al. (2007) may be useful for the Scottish government in assisting local SMEs in making their first export decision through a more thorough understanding of the internationalisation readiness concept. What is more, the index may not be merely used on its own. For example, the level of internationalisation readiness may be employed in conjunction with the level of resource commitment from a resource-based view, as an export decision matrix (Figure 5). The matrix recognises 4 types of firms, with Type A firms having a high chance of internationalisation success and D not ready for exporting. Thus, the government may highly encourage Type A firms to export immediately, assist Type B and C firms to overcome their shortcomings for exporting, and advise Type D firms to make drastic improvements before even considering an exporting strategy. One immediate concern is that how to measure export readiness. Tan et al. (2007) developed a way to operationalize an IRI, which can serve as a normalised indicator to allow us to identify the level of internationalisation readiness of a particular firm. Currently, such an index still sits at its theoretical stage. Although it is theoretically plausible, the first quantified and scaled (UK/Scottish-context) IRI is yet to be born. **Policy-makers may develop such a web-based tool to allow SMEs to self-assess their internationalisation readiness.**

Figure 5. Export decision matrix (Source: Tan et al., 2007)



Finally, it can be interesting for policy-makers to survey about what makes a firm “born-global”. Born-globals have no issue of readiness and become active internationally immediately, adopting an entrepreneurial orientation to internationalising. **Export propensity will increase as the proportion of born-globals rises. So, policy-makers may investigate what promotes the phenomenon of born-globals and be the catalyst to help start-ups to become them.**

Appendix: Seminal papers on export readiness

Author(s)	Year	Title	Journal
Caughey and Chetty	1994	Pre-export behaviour of small manufacturing firms in New Zealand	International Small Business Journal 12(3): 62-68.
Leonidou	2004	An analysis of the barriers hindering small business export development	Journal of Small Business Management, 42(3), 279–302.

Leonidou, Katsikeas, Paliwadana, and Spyropoulou	2007	An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers	International Marketing Review, 24(6), pp.735 – 770
Morgan and Katsikeas	1997	Obstacles to export initiation and expansion	Omega, 25(6): 677-690
Tan, Brewer, and Liesch	2007	Before the First Export Decision: Internationalisation Readiness in the Pre-export Phase	International Business Review, 16: 294-309
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