

A SURVEY OF THE EXPORT ACTIVITY
OF OKLAHOMA MANUFACTURERS

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Scope and Method of Study: This study was performed as an initial research project by the Center for International Trade Development to investigate the type and extent of export activity in the state of Oklahoma. Self-administered surveys were mailed to a census of Oklahoma manufacturers with more than 15 full-time employees. The surveys asked general questions of exporters and nonexporters about firm demographics and perceived exporting problems. Exporters were asked more specific questions concerning export practices. Particular attention was paid to educational programs and materials which would assist both current and potential exporters.

Findings and Conclusions: A surprisingly high 37% of manufacturing firms in the state export their products. These firms are diverse in terms of firm demographics (size, years in business, and national distribution) and in terms of products exported and markets served. A generic educational program would not be sufficient to assist this diverse group. Therefore, small groups and individual exporters and potential exporters must be given attention according to their specific needs.

ADVISOR'S APPROVAL

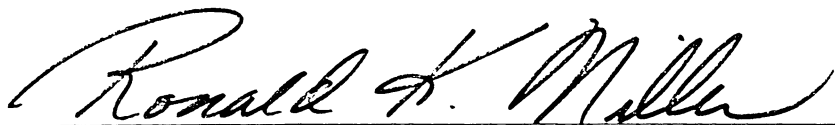
A handwritten signature in cursive script, reading "Stephen J. Miller", is written over a horizontal line.

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TABLE OF CONTENTS

<u>Chapter</u>	<u>Page</u>
I. INTRODUCTION	1
II. METHODOLOGY OF RESEARCH.	3
III. RESULTS OF STUDY	7
IV. MANAGERIAL IMPLICATIONS.	18
APPENDIX A:	
SURVEY OF OKLAHOMA MANUFACTURERS	A-1
APPENDIX B:	
THE EXPORTING PROCESS.	B-1
BIBLIOGRAPHY	B-24

LIST OF TABLES

<u>TABLE</u>	<u>Page</u>
1 - Profile of Survey Respondents	7
2 - Products Manufactured by Respondents.	8
3 - Export Behavior Among Oklahoma Manufacturers.	9
4 - Products Exported by Oklahoma Manufacturers	10
5 - Number of Markets Served by Exporters	11
6 - Geographic Regions Served by Oklahoma Exporters	12
7 - Major Countries Served by Oklahoma Exporters.	13
8 - Problems Perceived by Exporters & Nonexporters.	14
9 - Outside Assistance Received by Exporters.	15
10 - Workshop Participation and Interest Among Respondents	16

LIST OF FIGURES

<u>FIGURE</u>	<u>Page</u>
1 - Reid's 5-Staged Exporting Process	B- 2
2 - White & Rao's Risk/Commitment Continuum	B- 6
3 - Summary of Export Barrier Literature.	B-20

CHAPTER 1

INTRODUCTION

The economy of the state of Oklahoma is increasingly reflecting a foreign trade orientation. Currently Oklahoma ranks twenty-fourth among the states of this nation in exported goods and services. In 1983, Oklahoma's export of manufactured goods totaled \$1.6 billion. Another \$955 million was attributed to export sales from out-of-state firms yielding \$2.55 billion of export-related shipments. In 1983, an estimated 11,400 jobs in Oklahoma were directly related to producing manufactured exports. Approximately another 8,600 jobs were required to produce materials and parts for incorporation in products exported from elsewhere in the United States. Thus 25,500 jobs in Oklahoma were associated with the export of manufactured goods. This constitutes one of every eight manufacturing jobs in the state.

The magnitude of foreign trade is quite encouraging. However, there is much room for improvement. In this time of financial stress in the state caused by the downturn of the agriculture and oil industries, a growth in sales to international markets would help provide the growth necessary for the state to prosper.

An increase in the exporting activities of the state would also aid the United States as a whole. In 1985, the federal trade deficit was \$148.5 billion, by far the highest it has ever been. It is estimated that just 2,000 companies, most of them multinationals, account for 80 % of all United States exports. The United States Department of Commerce estimates that 20,000 United States firms could successfully sell in foreign markets, but are currently not doing so. It is important to the economy of the United States that the 20,000 small and medium-sized firms initiate exporting activities.

To demonstrate Oklahoma State University's commitment to international trade and its development in the state, the Center for International Trade Development (CITD) was founded in March, 1985. The purpose of the CITD is to coordinate, enlarge, and make accessible the resources of the university that contribute to the solutions of problems, as well as the identification of opportunities, arising from our increasing international dependence. The CITD's mission is clearly to serve Oklahoma and Oklahoma businesses by marshalling its talents and resources on behalf of international trade development. In order to achieve its objectives in this area, it is essential that it be responsive to its market, the business community of Oklahoma.

As an initial activity for the center, a major survey of Oklahoma manufacturers has been conducted by College of Business Administration faculty. This study provides baseline information on the status of exporting activity among Oklahoma manufacturing firms. The results provide information concerning the level of exporting activity by industry, markets served, and firm characteristics. The study also aids in determining impediments to expanding the exporting activity of the state and possible solutions that have been implemented to overcome these obstacles. Finally, it provides basic indications about the type of assistance and education most needed by the small and medium-sized firms of the state.

In the sections to follow, the methodology of the study will be explained. Then, the findings of the study are presented. The final section of the paper will briefly summarize the results and provide managerial implications and conclusions. As a side note, an overview of the primary literature on export behavior of businesses is presented in Appendix B. This literature review provides insight into the applicability of many of the findings from the study.

CHAPTER 2

METHODOLOGY OF RESEARCH

The study was conducted by the College of Business Administration through the use of a mail survey of manufacturers. The methodology for the study including the research objectives, data collection techniques, and analysis performed on the data is explained below.

Research Objectives

The objectives of this survey are as follows:

1. To determine which manufacturing firms in Oklahoma are currently involved in exporting.
2. To describe the extent and type of exporting being done by each firm. This includes information on the types of products being exported, the percentage of the firm's sales involved in exporting, the markets served, and the intermediaries used to facilitate the export process.
3. To determine what factors have motivated firms to turn to exporting and how the firms went about establishing themselves in the exporting business. This would include attention to outside sources which assisted in the initiation of foreign distribution.
4. To understand potential obstacles which might arise when an Oklahoma company begins to export--and if possible, to find out how firms have overcome these obstacles in the past.
5. To determine if there are any organizational characteristics which are especially important to exporting effectively (size, age, product type, etc.).
6. To understand the perceived impediments of export entry by those firms which are not currently exporting.
7. To determine what types of educational programs and materials will best aid the potential and current exporters in the state.

Data Collection

A mail survey was utilized in the data collection since it was considered the most expedient and economical way to reach a large number of manufacturers

in the state. Respondents were high-level executives in the organization, in many cases those with primary responsibility for the international operations.

The Sample

The manufacturers listed in the 1985 Oklahoma Directory of Manufacturers were used as the sample frame of the study. Only manufacturers with more than fifteen employees were included in the survey. The choice of fifteen employees was made since it was felt to be very unlikely that a firm with less than fifteen employees would export its products.

A total of 1,448 businesses were identified through the directory and questionnaires were mailed to the chief executives listed in the directory. Instructions were given to pass the questionnaire on to the individual in the organization most familiar with the firm's exporting practices. Eighty questionnaires were undeliverable, which left a total active business population of 1,368. A follow-up mailing to all nonrespondents was conducted approximately one month after the initial mailing. The total number of respondents was 593 for a response rate of 43.3%. Response rates by SIC code were compared to the total population distribution over SIC codes to identify possible nonresponse bias by industries represented. This was believed to be important since an inordinately high or low response rate by SIC code could bias the results of the survey. No statistically significant differences were found between respondents and the total population by industry. A profile of the respondent organizations will be discussed in the results section of this paper.

Measurements

A sample copy of the questionnaire mailed to manufacturers can be found in Appendix A of this paper. The discussion below examines the types of measurements used in the questionnaire.

Demography. The demographic characteristics of the firms surveyed were measured according to a questionnaire designed by Cavusgil who also was dealing with small and medium-sized manufacturers. Size of the firm was measured along two dimensions: one dealing with sales volume and another with the number of full-time employees. Respondent descriptions of products manufactured and the pre-coded questionnaire allowed assignment of Standard Industrial Classifications.

Exporting Behavior. Exporters directly provided information on their exporting intensity (percentage of sales volume from international markets), the length of time exporting had been practiced, the reason for initiating export activities, and the anticipated potential for export expansion in the next three years. They also indicated to which countries they exported. Exporters were queried as to the approximate sales volume sold to each market, but due to insufficient responses, this data is not reported.

Exporting Education and Assistance. Respondents were queried concerning exporting workshops attended and workshops in which a firm would be interested. Further, exporters were asked to rate outside assistance they have received from various government and private sources while establishing their exporting business. Assistance levels were rated on a three-point scale of high, medium, and low assistance. Further, exporters indicated the type of

intermediaries which they utilized from a list of possible types of intermediaries.

Problems Encountered. Both exporters and nonexporters were asked to rate actual or perceived problems they had encountered, or anticipated encountering, in exporting. The listed problems were to be rated on a four-point scale of no problem, minor problem, moderate problem, and major problem.

Analysis of Data

Given the research objectives, most of the analyses performed on the data were descriptive in nature. These included an examination of means and frequencies. In some instances where differences by demography and exporting history were examined, bivariate methods such as Chi Square Analysis and Analysis of Variance (ANOVA) were used. For research insight, multivariate methods of regression and factor analysis were employed but are not reported herein.

CHAPTER 3
RESULTS OF STUDY

Profile of Respondents

Organizational Characteristics

Table 1 below shows the organizational characteristics of the respondents to this survey. The respondent firms ranged in annual sales from under \$250,000 to quite large firms with the majority of the firms having annual sales under \$5 million. While a few firms are newly established, the majority have been established in Oklahoma for ten years or longer. Finally, a majority of the firms distribute products nationally, although approximately 40% narrowly distribute either in the Southwest or in the State of Oklahoma. It is important to note the diversity in the responding firms.

Table 1
Profile of Survey Respondents

Firm Size (Annual Sales \$)			
<u>Under \$250,000</u>	<u>\$250,000- \$999,000</u>	<u>\$1 million- \$5 million</u>	<u>Over \$5 million</u>
2.1%	11.9%	42.8%	43.3%
Years in Business			
<u>0-3 years</u>	<u>4-6 years</u>	<u>7-9 years</u>	<u>10 years & over</u>
2.7%	6.5%	7.0%	83.7%
Domestic Market			
<u>State-wide</u>	<u>Regional</u>		<u>Nation-wide</u>
10.5%	25.8%		63.7%

Products Manufactured

Respondents to the survey represent eighteen of the nineteen manufacturing 2-digit SIC codes. Table 2 indicates the distribution of respondents by SIC codes. The two most prevalent industries are fabricated metal products and nonelectric machinery (SIC35). The distribution of respondents among the SIC codes closely resembles that for the population of Oklahoma manufacturers.

Table 2
PRODUCTS MANUFACTURED BY RESPONDENTS
(2-digit SIC code)

<u>2-digit SIC Code</u>	<u>Description</u>	<u>% of Respondents*</u>
34	Fabricated Metal Products	20.1
35	Nonelectrical Machinery	20.1
20	Food & Kindred Products	10.1
32	Stone, Clay, Glass & Concrete Products	7.2
37	Transportation Equipment	6.7
36	Electric & Electronic Machinery	6.1
30	Rubber & Misc. Plastic Products	5.6
27	Printing, Publishing & Allied Products	5.4
24	Lumber & Wood Products (except Furniture)	4.7
38	Measuring, Photographic & Medical Goods	4.7
28	Chemicals & Allied Products	4.2
33	Primary Metal Industries	4.2
23	Apparel & Fabric Products	3.9
39	Misc. Manufacturing Industries	2.7
26	Paper & Allied Products	2.5
25	Furniture & Fixtures	1.9
29	Petroleum Refining & Related Products	1.0
22	Textile Mill Products	0.5
31	Leather & Leather Goods	0.2
21	Tobacco Manufacturers	0.0

* Percentages may total more than 100% as a firm may manufacture more than one product type.

Exporting Behavior

Exporting activity in the state is quite pervasive with 45.3% of the firms currently exporting or having exported products in the recent past (Table 3). An additional 13.2% of the firms have an expressed interest in initiating exporting activity in the near future.

Table 3

Export Behavior Among Oklahoma Manufacturers

<u>Export Activity</u>	<u>% of Respondents</u>
Currently Exporting	37.2
Not currently exporting, but have in past 5 years	8.1
Interested in initiating exporting activity	13.2
Not interested in exporting at this time	41.5

Profile of Exporters

It merits noting that exporting, although fairly pervasive among firms, represents only a modest proportion of most firm's sales. For over 60% of the exporters, it yields less than 10% of sales. In contrast, only 6% of the firms draw a majority of their sales from exporting.

As a future perspective, exporters do expect to devote stronger attention to export markets. Fifty eight percent expect export activity for their firm to increase in the future while only 7% expect a decline.

When exporters, as a group, are compared with the total population, they are significantly larger and have a wider distribution. However, small and medium sized firms are also currently exporting products. In fact, 45.3% of Oklahoma's exporters have estimated annual sales of under \$5 million.

Products Exported

There is great diversity among the products exported by Oklahoma firms. In fact, firms from every 2-digit manufacturing SIC code represented in the state are involved in exporting. The most intensive exporting comes from SIC 35 (nonelectric machinery) representing 36.7% of the exporting firms. Nonelectric machinery, which includes oil field equipment, has a long history of international distribution. The second largest product category is fabricated metals encompassing 17.6% of the exporting firms. The distribution of exporting among all manufacturing SIC codes is provided in Table 4. It should be noted that the distribution of manufactured goods by dollar value would differ from the percentages of firms.

Table 4
Products Exported by Oklahoma Manufacturers
(by 2-digit SIC code)

<u>SIC Code</u>	<u>Description</u>	<u>Across SIC Codes (%)</u>	<u>Within SIC Code (%)</u>
35	Nonelectric Machinery	36.7	68.1
34	Fabricated Metals	17.6	32.8
37	Transportation Equipment	10.0	55.0
38	Measuring, Photographic & Medical	9.5	75.0
36	Electric & Electronic Machinery	9.0	55.6
30	Rubber & Plastic Products	8.1	54.5
20	Food & Kindred Products	5.4	20.0
28	Chemicals & Allied Products	5.0	44.0
33	Primary Metal Industries	3.6	32.0
32	Clay, Stone, Glass & Concrete	3.2	16.3
23	Apparel & Fabric Products	2.7	26.1
39	Misc. Manufacturing Industries	2.7	37.5
27	Printing & Publishing	2.3	15.6
25	Furniture & Fixtures	0.9	18.2
26	Paper & Allied Products	0.9	13.3
22	Textile Mill Products	0.5	33.3
24	Lumber & Wood Products	0.5	3.8
29	Petroleum Refining Products	0.5	16.7
31	Leather & Leather Products	0.5	100.0

Many industry groups have a high concentration of exporting firms. Evidence of this is provided in column four of Table 4. For example, 75% of the firms who manufacture measuring, photographic, and medical equipment are involved in exporting. Other industries with a high concentration of exporters include electric machinery and transportation equipment.

Export Markets

Oklahoma firms distribute their products throughout the world. In fact, one firm reported distribution to 90 different countries. The large majority of firms, as shown in Table 5, have multiple foreign markets with 44.2% distributing to more than ten countries.

Table 5

Number of Markets Served by Exporters

Countries Served	% of Exporters
1-5	37.0
6-10	22.6
7-15	12.9
16-20	6.2
Over 20	21.3

The degree to which firms sell to multiple markets is quite encouraging. It indicates that exporting may well be expanded through the efforts of existing firms to extend their attention to new markets.

The geographic regions served by Oklahoma firms are indicated in Table 6. By geographic area, the largest concentrations of exporting activity are to Canada, Western Europe, South America, and Mexico with 82.7%, 66.8%, 57.7%, and 51.0% of the firms exporting to these respective areas. Proximity to Canada and South America makes these natural markets for Oklahoma products. Likewise our cultural and economic ties to Western Europe explain these market penetrations. With the strong Oklahoma production capability in oil field equipment, the Middle East is a large market with 48.1% of the firms exporting to countries in that region.

Table 6

Geographic Regions Served by Oklahoma Exporters

<u>Region</u>	<u>% of Exporters</u>
/ Canada	82.7
/ Western Europe	66.8
/ South America	57.7
/ Mexico	51.0
Middle East	48.1
Oceania (Australia & New Zealand)	46.6
Central America	39.4
Africa (except South Africa)	34.1
Southeast Asia	33.2
/ Japan	32.7
India & surrounding countries	30.0
/ Korea/Hong Kong/Taiwan	29.3
South Africa	20.7
Israel	20.2
People's Republic of China	20.2
Eastern Europe	19.8

* Total exceeds 100% since most companies serve multiple markets.

Table 7 indicates specific countries to which Oklahoma products are exported. The largest markets are Canada, as noted earlier, and Mexico. Other major country markets in descending order include the United Kingdom, Australia, Saudi Arabia, Venezuela, and Japan. The 32.7% level for Japan is somewhat surprising given the media attention to the imbalance of trade with Japan.

Table 7
Major Countries Served by Oklahoma Exporters

<u>Country</u>	<u>% of Exporters*</u>
Canada	82.7
Mexico	51.0
United Kingdom	46.6
Australia	44.7
Saudi Arabia	35.6
Venezuela	34.6
Japan	32.7
France	32.7
West Germany	30.3
Italy	25.5
Netherlands	25.0
Argentina	25.0
Colombia	24.5
India	23.6
Spain	23.1
Chile	22.1
Norway	22.1
Indonesia	21.6
Brazil	21.1
Taiwan	21.1**

* Total exceeds 100% since most companies serve multiple markets.

** Countries with less than 20% of the Oklahoma firms exporting to them are not shown.

Exporting Problems

A firm's management will perceive many problems that exist in developing and implementing exporting strategies. These perceptions may arise from

experience in the case of exporters or expectations in the case of non-exporters. Problems that arise in the traditional areas of finance, marketing, management, production and the environmental forces are magnified when addressed in the international arena.

The magnitudes of perceived exporting problems are indicated in Table 8. The columns indicate perceptions among exporters, those with expressed exporting interests, and disinterested firms respectively. The scores shown are averages for each group, with individual responses having ranged from 1 for "no problem" up to 4 for a "major problem". Thus, a high score

Table 8
Problems Perceived by Exporters & Nonexporters

<u>Problem</u>	<u>Mean Score</u>		
	<u>Exporters</u>	<u>Interested Nonexporters</u>	<u>Disinterested Nonexporters</u>
Bank financing	1.68	1.91	1.64
✓ Collection of foreign sales dollars	<u>2.21</u>	2.96	2.90
Foreign exchange rate changes	2.14	2.60	2.75
Lack of information on export opportunities by country	2.13	2.98	3.07
✓ Obtaining foreign distribution	<u>2.39</u>	3.13	3.14
Advertising/Sales support	<u>1.91</u>	2.68	2.78
Customer Service After Sale	1.89	2.81	3.05
Dealer Relations	1.66	2.10	2.55
Foreign product specifications	1.83	2.29	2.55
Cultural differences	1.68	2.27	2.52
Foreign language requirements	2.01	2.88	2.85
✓ Foreign tariff barriers	<u>2.22</u>	2.80	2.77
Foreign import quotas	1.69	2.69	2.75
✓ Foreign bureaucratic delays	<u>2.32</u>	2.98	3.02
U.S. Government regulations	1.95	2.57	2.75

Mean Score

- 1 = no problem
- (2 = minor problem)
- 3 = moderate problem
- 4 = major problem

indicates perceptions that the issue represents a major problem. Exporters generally perceive problems to be less in magnitude than do both other groups. Exporters, through experience, have learned to cope with the fundamental problems.

Among exporters, obtaining foreign distributors, foreign bureaucratic delays, tariff barriers and collection of foreign sales dollars are seen respectively as (major problems.) Although nonexporters foresee problems to be more severe than exporters, the relative magnitudes of the various problems are similar to that for exporters.

Export Assistance Programs

There are a number of governmental and educational institutions providing assistance to exporting firms. However, it has been shown that firms do not always take advantage of these programs. It appears that a large number of Oklahoma firms do seek and receive exporting assistance (Table 9). The

Table 9

Outside Assistance Received by Exporters

<u>Source of Assistance</u>	<u>% of Exporters Using Assistance</u>
Federal Government Entities	
U.S. Dept. of Commerce	43.4
U.S. Customs Service	27.6
U.S. Dept. of Agriculture	20.4
U.S. State Department	25.3
U.S. Federal Trade Commission	15.9
State Government	
Oklahoma Dept. of Economic Development	22.2
Oklahoma Dept. of Agriculture	18.6
State Universities	20.8
Private Organizations	
Export/Import Banks	26.2
Export Trading Company	28.5
Export Management Company	23.1
Freight Forwarder	38.0

most commonly used source of assistance is the U.S. Department of Commerce with 43.4% of the exporting firms receiving their assistance. Other highly utilized government agencies include the U.S. Customs Service and the U.S. State Department's trade representatives. Freight forwarders assist 38.0% of exporting firms.

Educational Programs

The Oklahoma International Export Services Office in cooperation with the District Export Council, provides a number of export education programs for Oklahoma firms. These include topics such as the basis of exporting, export marketing, documentation and financing. It is a critical point of concern whether firms take advantage of these programs. As indicated in Table 10, the

Table 10

Workshop Participation and Interest Among Respondents

	<u>% of Respondents</u>
<u>Workshop Attendance</u>	
Overall Attendance of Any Workshops	16.8
Exporters Attendance	33.8
Non-Exporters Attendance	2.8
<u>Workshop Interest</u>	
Overall Interest in Export Programs	26.8
Exporter Interest	43.1
Non-Exporter Interest	13.5

overall participation rate among firms is 16.8% of the Oklahoma manufacturers. This level is quite low given the modest fees and frequent scheduling of programs. More importantly, among nonexporters, only 2.8% have attended an educational workshop or seminar. The picture brightens when examining exporter participation where there is a 33.8% participation rate. Most popular topics among attendees are export shipping and documentation, basics of exporting, export financing, and export marketing.

There is an expressed interest in workshops although prior participation has been quite modest. Overall, 26.8% of the respondents expressed an interest in such educational programs. The primary topics of interest to nonexporters include basics of exporting, export marketing, market information about a specific country and export licensing.

CHAPTER 4 - MANAGERIAL IMPLICATIONS

As is evidenced by the results of this survey, a surprisingly large percentage of Oklahoma manufacturers are involved in export activity. However, international sales account for a very small portion of the overall sales volume for these firms. It should also be noted that many exporting firms are relatively large and have an established nation-wide distribution system. These firms need assistance in expanding their exporting activities. Smaller firms do not have the specialized knowledge of the larger firms and likely need technical assistance to initiate exporting. The Center for International Trade Development and the College of Business Administration may be able to provide educational support and guidance for each of these groups.

There is a great diversity among Oklahoma exporters. Manufacturers involved in international sales cut across firm size, domestic market distribution and years in business. Each firm will be faced with a special set of business problems and solutions. Diversity is especially evident in the variety of products exported and the international markets served. This indicates that generic export programs will not sufficiently serve the needs of current and potential exporters. Assistance to small groups of exporters would allow for product-specific and country-specific information to be distributed to the appropriate firms. Working in smaller groups would allow a focus on the problems which most concern each specific group of exporters. Although programs focusing on the basics of exporting may be useful to some firms, the majority of companies need more detailed information.

It is easy to take a myopic view of the international trade issue and forget that exporting is part of a business' growth strategy. A firm's

management must first decide that exporting is a viable alternative for expanding sales. Then, the specific process of exporting can be addressed.

Exporting can be an appropriate strategy for the firm. The CITD and the College of Business Administration should be able to aid in the firms' decision by providing accurate and timely information on export opportunities and methods. As with any business venture, there is an element of risk involved with the decision to export. However, these risks can be minimized by using current, accurate information.

Educational Programs

There are significant differences in the problem perceptions of exporters and nonexporters. Nonexporters perceive problems and barriers to be more serious than do exporters. Thus, programs concerning the basics of export entry might help reassure nonexporters that exporting is a good strategy. In contrast, (having made the decision to export) current exporters need more specific information concerning problems they face. Information concerning such topics as export shipping and documentation or federal regulations would be appropriate. Also, information may be provided as to export market expansion.

There are currently a number of exporting workshops offered within the state at modest fees. The Office of the International Export Services is especially active in administering such programs. However, traditionally attendance at these programs has been somewhat weak. There appears to be opportunity for the CITD to sponsor additional, complementary programs without concern for duplication. The CITD is in a unique position in that it can draw from the talents of various disciplines at Oklahoma State University to attract a diverse group of participants. As an educational institution, OSU

can add to workshops and seminars credibility that might not be present in government sponsored programs.

Workshops are not the only way to disperse information to Oklahoma manufacturers. Information about specific exporting problems and opportunities could be mailed directly to the appropriate audiences. Another possibility is the establishment of a database which would match a firm's situation to specific exporting opportunities and be available upon request.

Future Research

This survey answers many questions about the general state of Oklahoma exporters. However, it also opens up many questions about the specifics involved. Future research should focus on specific product classes or markets served. For example, since oil field equipment is one product which is heavily exported, further research could focus on the problems unique to that set of manufacturers. The same type of study could be performed on a specific country or geographical area to learn the opportunities and problems of exporting in that area.

Focus group interviews of business executives would be another appropriate technique for future research. This type of research could better clarify problems concerning exporting and develop creative solutions to those problems.

This survey leaves many questions unanswered concerning Oklahoma exporters. However, it is hoped that the results of this study will stimulate further research which will delve into areas not covered by the survey.

SURVEY OF OKLAHOMA MANUFACTURERS

Please answer the following questions to the best of your knowledge as a manager in your organization. Your individual responses will be kept confidential. Therefore, we appreciate your candor in replying to the questions.

General Information

1. Briefly describe the various type(s) of products your company manufactures? Be as specific as possible.

2. What is the approximate total annual sales volume of your firm?

- Under \$250,000
 \$250,000-\$999,999
 \$1 million-\$5 million
 Over \$5 million

3. How many full time employees currently work at your firm?

- Under 25
 25 to 99
 100 to 249
 250 or over

4. What do you consider to be the market(s) in which your firm currently competes. Check one in both the national and international categories as they apply.

National:

- State-wide
 Regional
 Nation-wide

International:

- Export to only 1 country
 Export to 2 to 5 countries
 Export to 6 to 10 countries
 Export to over 10 countries

5. Is your firm independently owned or is it a subsidiary or division of another firm?

- Independently owned
 Subsidiary or division of another firm

6. How long has your firm been established in the state of Oklahoma?

- 0 to 3 years
 4 to 6 years
 7 to 9 years
 10 years or over

Exporting Education Programs

7. Which of the following exporting workshops have your or other members of your firm attended in the past five years? Check any that apply.

- Basics of exporting
- Export marketing
- Export licensing
- Export finance and methods of payment
- Export shipping and documentation
- Export trading company seminar
- Foreign sales corporation seminar
- Export/import bank and FCIA seminar
- Barter/countertrade seminar
- Seminar on marketing in a specific country
- Oklahoma World Trade Conference
- Other

Please specify _____

8. Which of the following exporting workshops would you or other members of your firm be interested in attending in the future? Check any that apply.

- Basics of exporting
- Export marketing
- Export licensing
- Export finance and methods of payment
- Export shipping and documentation
- Export trading company seminar
- Foreign sales corporation seminar
- Export/import bank and FCIA seminar
- Barter/countertrade seminar
- Seminar on marketing in a specific country
- Oklahoma World Trade Conference
- Other

Please specify _____

9. Which statement best describes your firm's status with regard to exporting its products?

- The firm is currently exporting its products.
- The firm is not currently exporting, but has exported in the past five years.
- The firm is seriously considering exporting.
- The firm is mildly interested in beginning to export.
- The firm is not interested in exporting at this time.

If your firm is currently exporting the products it manufactures, please answer the following questions.

If your firm is not currently exporting the products it manufactures, please go to Question #22 on Page 7.

Exporting Behavior

10. If your firm does not export the entire line of products it manufactures (as listed in Question #1), which products are exported?

11. Approximately what percentage of your firm's sales comes from international markets? Check only one.

<input type="checkbox"/> 0 - 10%	<input type="checkbox"/> 41 - 50%	<input type="checkbox"/> 71 - 80%
<input type="checkbox"/> 11 - 20%	<input type="checkbox"/> 51 - 60%	<input type="checkbox"/> 81 - 90%
<input type="checkbox"/> 21 - 30%	<input type="checkbox"/> 61 - 70%	<input type="checkbox"/> 91 - 100%
<input type="checkbox"/> 31 - 40%		

12. How many years has your firm been exporting one or more of the products it manufactures?

0 to 3 years
 4 to 6 years
 6 to 9 years
 10 years or over

13. Firms initially export their products for a variety of reasons. Please indicate which of these following reasons best describes why your firm began exporting? Check any that apply.

Declining sales in the U.S. market for your product(s).
 Opportunity to expand sales.
 Competitors started to successfully export.
 Attended a workshop or seminar on exporting.
 A business in another country contacted our firm.
 Other
Please specify _____

14. What do you anticipate will be the degree to which your exporting will change over the next 3 years?

It will increase substantially.
 It will increase moderately.
 It will remain about the same.
 It will decrease moderately.
 It will decrease substantially.
 The firm will discontinue exporting.

15. Please indicate the annual sales exported to the countries listed below. Feel free to estimate the sales data. Again, your responses will be held in strict confidence. However, if you would rather, just put a check mark in front of the countries to which your firm exports.

North America	Europe (Cont.)	Africa (Cont.)
\$ _____ Canada	\$ _____ Poland	\$ _____ Burundi
\$ _____ Mexico	\$ _____ Portugal	\$ _____ C. African Rep.
	\$ _____ Romania	\$ _____ Chad
Central America	\$ _____ Spain	\$ _____ Congo
\$ _____ Bahamas	\$ _____ Sweden	\$ _____ Egypt
\$ _____ Barbados	\$ _____ Switzerland	\$ _____ Gabon
\$ _____ Bermuda	\$ _____ Turkey	\$ _____ Gambia
\$ _____ Costa Rica	\$ _____ United Kingdom	\$ _____ Ghana
\$ _____ Dominican Rep.	\$ _____ USSR	\$ _____ Guinea
\$ _____ El Salvador	\$ _____ West Germany	\$ _____ Ivory Coast
\$ _____ Guatemala	\$ _____ Yugoslavia	\$ _____ Kenya
\$ _____ Haiti		\$ _____ Lesotho
\$ _____ Honduras	Asia	\$ _____ Liberia
\$ _____ Jamaica	\$ _____ Afghanistan	\$ _____ Libya
\$ _____ Nicaragua	\$ _____ Bahrain	\$ _____ Malagasy Rep.
\$ _____ Panama	\$ _____ Bangladesh	\$ _____ Malawi
\$ _____ Trinidad/Tobago	\$ _____ Burma	\$ _____ Mauritius
	\$ _____ China (PRC)	\$ _____ Mozambique
South America	\$ _____ India	\$ _____ Namibia
\$ _____ Argentina	\$ _____ Indonesia	\$ _____ Niger
\$ _____ Bolivia	\$ _____ Israel	\$ _____ Nigeria
\$ _____ Brazil	\$ _____ Japan	\$ _____ Rwanda
\$ _____ Chile	\$ _____ Jordan	\$ _____ Sierra Leone
\$ _____ Columbia	\$ _____ Kuwait	\$ _____ Somalia
\$ _____ Ecuador	\$ _____ Laos	\$ _____ South Africa
\$ _____ Paraguay	\$ _____ Lebanon	\$ _____ Sudan
\$ _____ Peru	\$ _____ Malaysia	\$ _____ Swaziland
\$ _____ Uruguay	\$ _____ Oman	\$ _____ Tanzania
\$ _____ Venezuela	\$ _____ Pakistan	\$ _____ Togo
	\$ _____ Phillipines	\$ _____ Tunisia
Europe	\$ _____ Qatar	\$ _____ Uganda
\$ _____ Austria	\$ _____ Saudi Arabia	\$ _____ Zaire
\$ _____ Belgium	\$ _____ South Korea	\$ _____ Zambia
\$ _____ Cyprus	\$ _____ Sri Lanka	\$ _____ Zimbabwe
\$ _____ Czechoslovakia	\$ _____ Syria	
\$ _____ Denmark	\$ _____ Taiwan	Oceania
\$ _____ East Germany	\$ _____ Thailand	\$ _____ Australia
\$ _____ Finland	\$ _____ U. Arab Emirates	\$ _____ New Zealand
\$ _____ France	\$ _____ Yeman (Aden)	
\$ _____ Greece	\$ _____ Yeman (Sana)	Others (Specify)
\$ _____ Hungary		\$ _____
\$ _____ Ireland	Africa	\$ _____
\$ _____ Italy	\$ _____ Algeria	\$ _____
\$ _____ Luxembourg	\$ _____ Angola	\$ _____
\$ _____ Netherlands	\$ _____ Benin	\$ _____
\$ _____ Norway	\$ _____ Botswana	\$ _____

16. Below are listed a number of aspects of exporting activity which have proven to be problem areas for some other firms. Indicate the extent to which each of the following issues and resources has been a problem to your firm in its exporting activity.

	No Problem	Minor Problem	Moderate Problem	Major Problem
Bank financing	_____	_____	_____	_____
Obtaining foreign distribution	_____	_____	_____	_____
Collection of foreign sales dollars	_____	_____	_____	_____
Foreign exchange rate changes	_____	_____	_____	_____
Lack of information on export opportunities by country	_____	_____	_____	_____
Foreign language requirements	_____	_____	_____	_____
Advertising/sales support	_____	_____	_____	_____
Customer service after sale	_____	_____	_____	_____
Cultural differences	_____	_____	_____	_____
Foreign tariff barriers	_____	_____	_____	_____
Foreign import quotas	_____	_____	_____	_____
Dealer relations	_____	_____	_____	_____
Foreign product specifications	_____	_____	_____	_____
Foreign bureaucratic delays	_____	_____	_____	_____
US Government regulations	_____	_____	_____	_____
Other	_____	_____	_____	_____
Please specify _____				

17. What government agencies or types of companies were of some assistance to your firm in establishing your exporting business and how would you rate their respective levels of assistance? Check any that apply.

	High	Medium	Low
US Department of Commerce	_____	_____	_____
US Customs Service (Treasury)	_____	_____	_____
US Dept. of Agriculture (Foreign Agricultural Service)	_____	_____	_____
US State Department (Trade Representatives)	_____	_____	_____
Federal Trade Commission	_____	_____	_____
Oklahoma Dept. of Economic Development	_____	_____	_____
Oklahoma Dept. of Agriculture	_____	_____	_____
State Universities	_____	_____	_____
Export/Import banks	_____	_____	_____
Export trading company	_____	_____	_____
Export management company	_____	_____	_____
Freight forwarder	_____	_____	_____
Other	_____	_____	_____
Please specify _____			

18. What type of exporting intermediary arrangement does your firm currently use? Check all that apply.

- Export trading company
 - Export management company
 - Foreign agent or salesperson
 - Overseas salesperson on a temporary basis
 - Overseas sales office
 - Overseas plant and sales office
 - Webb-Pomerene Associations
 - Export/import banks
 - Do not use intermediary, sell directly to customer
 - Other
- Please specify _____
- _____

19. Could you elaborate on any particular problems your firm has encountered while continuing to export. Your personal insights will assist us in better understanding problems and possible solutions.

20. Could you explain any creative solutions which your company has developed to overcome the above mentioned problems?

21. OPTIONAL: Please list your company name and address, so that we may send you a personal copy of the report prepared from this study.

Thank you for your cooperation on this project. Place the questionnaire in the enclosed return envelope and mail it. Thanks again!

Perceived Exporting Problems

22. Below are listed some aspects of exporting which have proven to be problems for some other firms. As your firm is not currently exporting, please indicate the level of difficulty which you think each of these items would be should you begin to export your products.

	No Problem	Minor Problem	Moderate Problem	Major Problem
Bank financing	_____	_____	_____	_____
Obtaining foreign distribution	_____	_____	_____	_____
Collection of foreign sales dollars	_____	_____	_____	_____
Foreign exchange rates	_____	_____	_____	_____
Lack of information on export opportunities by country	_____	_____	_____	_____
Foreign language requirements	_____	_____	_____	_____
Advertising/sales support	_____	_____	_____	_____
Customer service after sale	_____	_____	_____	_____
Cultural differences	_____	_____	_____	_____
Foreign tariff barriers	_____	_____	_____	_____
Foreign import quotas	_____	_____	_____	_____
Dealer relations	_____	_____	_____	_____
Foreign product specifications	_____	_____	_____	_____
Foreign bureaucratic delays	_____	_____	_____	_____
US Government regulations	_____	_____	_____	_____
Other	_____	_____	_____	_____
Please specify _____				

23. OPTIONAL: Please give us your company name and address, so that we may send you a personal copy of the report prepared from this study.

Thank you for your cooperation in this project. Place the questionnaire in the enclosed return envelope and mail it. Thanks again!

APPENDIX B : THE EXPORTING PROCESS

Export sales are increasingly seen as one route to corporate growth for the firm. In light of the current economic realities, the average United States firm seems to be facing three choices: 1) it can suffer a long-term period of little or no growth; 2) it can increase its competitive advantage and innovation to expand its domestic market; or 3) it can attempt to grow through overseas markets (Hilger and Hoover, 1985). This paper focuses on the latter strategy of corporate growth through the exporting of products. Much literature has been written regarding the exporting process of the company. This chapter will attempt to summarize the primary literature from a managerial perspective.

The Decision to Export

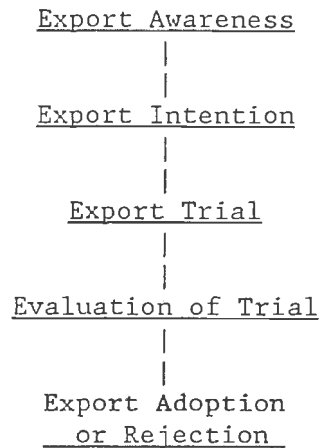
A firm faced with alternative growth options must decide whether exporting is the alternative which best fits its current situation. It is important to understand how management determines whether international growth is a viable option. Given this understanding, a climate for exporting can be encouraged by government agencies, universities, and private trade organizations.

The Export Adoption Process

According to Reid (1981), the exporting decision can be represented as a five-stage process consisting of export awareness, export intention, trial, evaluation, and acceptance. All firms are believed to move through this process. Naturally, the rate of measurement will vary among firms. This process is illustrated in Figure 1.

Figure 1

Reid's 5-Stage Exporting Process



According to Reid's hierarchy, the export adoption process to begin with an opportunity recognition or awareness stage. This stage involves the recognition of specific foreign markets as a possible solution to domestic market problems or simply the general belief that foreign markets are a potential opportunity for sales expansion and growth.

Once the possibility of exporting is acknowledged, the next stage of the hierarchy is export intention. During this stage motivational and attitudinal factors are considered to determine the probable outcome of entering the foreign marketplace. Also during this stage, types of entry strategies are considered. It is possible that export awareness and intention can be generated by such stimuli as unsolicited foreign orders, trade fairs, or visits to foreign countries (Reid, 1981).

The third stage of export trial represents an exporting response to a foreign order or the initial activity of seeking a foreign order. This initial phase of actually exporting can determine whether or not the firm will continue to export its products. The preliminary results of the export trial are examined during the next stage of export evaluation. If the trial stage results in achieving such goals as profitability or sales stability, the evaluation will most likely be favorable.

The final stage of the export decision-making process is the adoption or rejection stage. Management will determine whether or not the company should continue to export and increase its commitment to international sales.

One of the major issues export literature is uncertainty as to what constitutes the adoption stage (Reid, 1981). Reid suggests the use of exporting measurements of performance which include sales growth, absolute level of exports, relative share of export sales versus company sales, rate of new market expansion, and rate of new product introduction into foreign markets as criteria. These measurements of export performance help capture the varying dimensions of commitment to exporting.

Management Decisions at the Adoption Stage

The adoption process has been modeled by White and Rao (1985) according to the managerial decisions to be made. The first step in their model examines factors internal and external to the firm. The firm must identify and define its basic purpose and objectives before considering entering overseas markets. Additional considerations at this initial stage include the "fit" between possible overseas and current domestic markets. This includes attention to the marketing mix (price, product, promotion, and distribution) of the different areas being serviced by the firm. Decisions must also be made during this stage concerning the personnel responsible for evaluating

potential international operations. A final consideration deals with the economic environment of the industry both domestically and in foreign countries. A summary of this initial stage can best be stated as fitting the desire to export into the long run growth and expansion strategy of the firm (White and Rao, 1985).

The second managerial step is the problem formulation stage. This is a systematic examination of the benefits of exporting for the firm. For example, overseas expansion can be beneficial to firms because of the possibility of higher growth rates and less competition. During this step several data sources can be used to gain useful information on the feasibility of exporting. These sources include government agencies such as the Department of Commerce, Export-Import Bank, and the Agriculture Department's Export Trade Service Division; assorted governmental publications; and even foreign students at adjacent universities (White and Rao, 1985).

The third step in the adoption process is to analyze information with regard to the feasibility of alternative international markets. The analysis includes the study of the firm's environment and a risk analysis of the countries being considered. For example, at the present time, high risk areas due to political instability include Latin American, Arab, African, and some Asian countries. Other countries such as Brazil and Mexico are risks due to financial indebtedness problems.

As a final step in the adoption process, the firm's management must make the decision whether or not to initiate exporting practices. The primary decision involves the entry option for the chosen foreign market. Entry options may include using export management companies, export trading companies, or company-owned outlets (White and Rao, 1985).

Adoption Influences

In order to support adoption of exporting behavior, one must understand both the stages of decision-making and the nature of the management decisions as described above. As an example, researchers have found that the motivation for exporting to be differs from the factors that actually stimulate one to initiate a specific export decision (Hilger and Hoover, 1985). According to Bilkey (1978), studies concerned with the export initiation process tend to focus on the effects of change-agents. Change-agents can be either external or internal to a firm. Examples of external change-agents include chambers of commerce, industrial associations, banks, government agencies, and other firms. The latter include unsolicited inquiries from foreign firms. An example of an internal change-agent is a top manager who is interested in and enthusiastic about the possibility of exporting. Firms are motivated to initiate an export activity because they either want to solve problems such as excess inventory or perceive it as a way of exploiting opportunities (Hilger and Hoover, 1985). Thus, the motivation to export may either be based on a push or pull strategic plan. According to Bilkey (1978), studies have indicated that short-term profit was not the motive for exporting, rather it was long-term profitability secured through market diversifications and long-term growth.

Another benefit of viewing exporting as a process is that the information needs of firms and the relevant decision-makers within the firm will change over time. During the initial decision-making stages, information needed will focus on export opportunities in specific countries. As the firm becomes more involved in exporting, information necessary includes explanations of the exporting rules and regulations. Decisions initially are made by the top management, and as the decisions become more routine, are handed down to lower ranking company officials.

Export Behavior

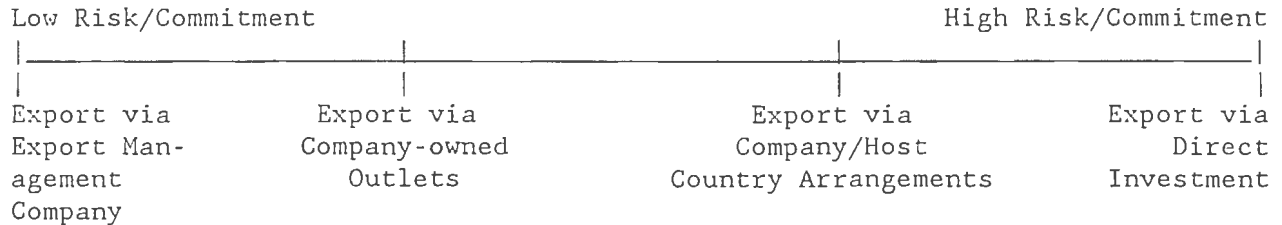
All firms that initiate exporting practices cannot be viewed as identical in the manner by which they approach the exporting process. Thus, their needs for direct assistance or for supportive policy by government and other agencies will differ. Various authors have different classification systems for exporting firms. These are discussed below.

Assumption of Export Risks

White and Rao (1985) view the stages of export involvement along a risk/commitment continuum. They propose four broad categories of options. Figure 2 illustrates these options of export risk/commitment.

Figure 2

White & Rao's Risk/Commitment Continuum



In the early stages of the continuum, the firm makes a low commitment and assumes an associated low risk. The strategy for exporting may be to utilize an export management company. Export management companies are manufacturers' representatives that sell in world markets. An export management company can provide marketing management that a small firm is unable to supply. Some of the functions of an export management company include doing research and planning, implementing promotional plans, creating distribution, processing orders, and in some cases assuming financial risk. The second level of

commitment and risk in the continuum is to export by means of company-owned foreign outlets. This signifies investments in overseas sales offices and personnel. The third level involves exporting through company/host country arrangements. Usually exporting at this level indicates a large volume of sales going to the specific host country. The fourth and highest level of commitment and risk is to export by means of direct investment. This involves the building of manufacturing facilities in other countries.

As a firm assumes a higher level of risk and commitment, the potential for higher profits increases. Often a firm will make incremental changes in its risk and commitment level, progressing to the next level following success at previous levels (White and Rao, 1985). Also it is possible for a firm to be at different levels of risk and commitment in different foreign markets. For example, one may enter a new country such as India on a joint venture basis due to legal requirements of the country.

Marketing Orientation

Cooper and Kleinschmidt (1985) divided firms that export into three groups; marketer, quasi-marketer, and seller. A marketer focuses on needs in the foreign market and practices product adaptation and market segmentation within each foreign market. A marketer may well assume a world orientation in the selection of countries to serve. The other extreme among exporters is the seller. The seller is a firm which exports its products using neither product adaptation nor market segmentation. Rather than a world orientation, the seller distributes its products primarily to the countries nearest its facilities, the nearest neighbor approach. This approach focuses on costs and ease of exporting rather than on need satisfaction. Between the two extremes described above is the quasi-marketer who practices either product adaptation

or market segmentation, but not both concurrently. The quasi-marketer may have either a world or nearest neighbor marketing orientation.

Cooper and Kleinschmidt (1985) found that firms using a strategy of world orientation, product adaptation, and market segmentation were more likely to have a continuing high level of successful export performance. This export performance is measured by the variables of export growth and export intensity (percent of firm's sales which are international).

International Product Life Cycle

Onkvisit and Shaw (1983) divide firms into stages by means of an international product life cycle (IPLC). There are four distinctive stages in the IPLC. These are overseas innovation, maturity, worldwide imitations, and reversal. The product goes through the standard product life cycle stages of introduction, growth, maturity, and decline within its original market.

The IPLC begins when a firm initiates exporting, regardless of the product life cycle in the domestic market. In this overseas innovation stage, the innovating firm will look to overseas markets because the technological breakthrough creating the new product in turn creates a corresponding technological gap in other countries. The innovating company often logically chooses other advanced nations because of their similar needs and high income levels. As the product moves through this stage and exporting grows, there will be increased exports from the United States and correspondingly increased imports by other developed countries (Onkvisit and Shaw, 1983).

At some point, a firm enters into the maturity stage characterized by stability of sales and exports. Demand for these products are increasing, but that does not necessary mean more exports for the United States. Companies in other advanced countries begin local production of the product. As the

product move further into this stage of the IPLC, exports to developed countries decrease and exports to less developed countries increase.

The third stage of worldwide imitation is evidenced when exports from the United States decline. This happens even though the demand from less developed countries remains constant because other advanced nations are self-sufficient and beginning to take over some of the demand of the less developed countries. As demand for United States exports declines, economies of scale are lessened with resulting higher production costs. Toward the end of this stage, United States exports in the product area are all but nonexistent and production exists mostly for local consumption.

The fourth and final stage in the IPLC is the reversal stage in which the United States is no longer an exporter and may even be forced to become an importer of the product. The major functional characteristics of this stage are product standardization and comparative disadvantage. Product standardization allows even less developed countries to produce simple versions of the product. Comparative disadvantage is the result of the product no longer being capital-intensive or technology-intensive, but instead becoming labor-intensive. At this stage consumers become very price sensitive and United States manufacturers are often undersold in their own markets (Onkvisit and Shaw, 1983).

The IPLC is most applicable in situations where products are related through some common technology. These products usually possess functional utility rather than aesthetic value. Any product which can be standardized can be expected to go through the stages of the IPLC (Onkvisit and Shaw, 1983).

Evolutionary Processes

Johanson and Vahlne (1977) have proposed a dynamic model of internationalization where firms can be classified according to decision stages. The outcome of one decision constitutes the input of the next decision. The multi-stage decision inputs considered in the model are foreign market commitment (resources committed to foreign markets) and market knowledge. The change aspects in the model are decisions to commit resources and the performance of current business activities. Market knowledge and market commitment are assumed to affect both commitment decisions and the way current activities are performed. The results of these decisions then change the market commitment and knowledge. The model is thus continually evolving as decisions concerning exporting are made.

Cavusgil (1984) has defined three levels of exporting activity: experimental, active, and committed exporting involvement. These three levels of internationalization exhibit an evolutionary process. The sequential nature of this process can be attributed to greater perceived risk associated with international business decisions, tentative nature of managerial expectations, and greater genuine uncertainty.

Experimental involvement characterizes firms that have very little commitment to overseas development. Entry into exporting is usually prompted by unsolicited inquiries from foreign firms. The firm responds to these inquiries in a reactive manner and tends to treat international business as marginal. Export sales usually constitute less than ten percent of total sales and very few foreign markets are involved. Active involvement occurs when the firm's management recognizes the important contributions international business can make toward corporate goals and objectives. Unused capacity may be allocated to export orders. Products are adapted to meet the specific needs of overseas customers. Exporting is no longer considered a

marginal business and higher level management becomes involved in decisions regarding international business. The final stage which firms may reach in the internationalization process is committed involvement. A committed exporter searches for business opportunities worldwide and does not restrict itself to traditional markets. There may be little difference in foreign and domestic selling efforts. This highest level of internationalization may also include direct investment in overseas production facilities, sales subsidiaries, and worldwide sourcing arrangements (Cavusgil, 1984).

Bilky and Tesar (1977) also believe that the exporting process is evolutionary. They have divided the process into six distinctive and sequential stages. These stages are summarized as follows:

Stage One: Management is not interested in exporting and will not even fill an unsolicited export order.

Stage Two: Management will fill an unsolicited export order but will make no further efforts to explore exporting feasibility.

Stage Three: Management actively explores the feasibility of exporting activity.

Stage Four: The firm exports on an experimental basis to some psychologically close country.

Stage Five: The firm is an experienced exporter to one country and adjusts exports optimally to changes in exchange rates, tariffs, and other exporting variables.

Stage Six: Management explores the feasibility of exporting to additional countries that are psychologically further away.

Although some stages in this model may be skipped by some firms, most firms according to Bilkey and Tesar (1977) do progress through these six level of internationalization.

Combination of Exporting Processes

Suzman and Wortzel (1984) have combined the techniques of profiling firms and assigning exporting strategies. For each type of firm which includes new innovators, mature innovators, adaptors, and marketers, they recommend one or more of three exporting strategies including responder, imitator, and entrepreneur. Before listing the specific recommendations suggested by Suzman and Wortzel, it is necessary to define their categories of firms and exporting strategies.

A new innovator is a firm which has recently developed high technology or has a unique product. Its energy is devoted to improving products and production techniques in order to mass produce its product. The only other competitors this type of firm faces is other United States firms. The strengths of the new innovator lie in its research and development abilities and not in its marketing strategies.

Mature innovators are larger, older, and technologically based companies. These companies have a high worldwide marketshare and extensive geographical distribution. Although product offering from mature innovators may not be unique, they are also not totally standardized. Their main source of competition is other firms in the United States and other advanced countries. Product differentiation is the major marketing thrust of these companies.

Adaptors use a strategy of applying their technical expertise to modify standard products and processes to meet the specific need of their customers. These companies are often smaller, flexible firms that tend to concentrate on a few less developed markets.

The final category of firm is the marketer. These are firms sell products that have no distinctive technology and no differentiating features. The success of these firms is due to their marketing skill. Marketers have

many competitors both domestically and in foreign countries (Suzman and Wortzel, 1977).

The export marketing strategies which are described by Suzman and Wortzel begin with the responder strategy. The responder develops an export business based on unsolicited inquiries and orders. Based on these orders it tries to find the characteristics of its customers and then looks for potential customers with similar qualities. The responder uses its existing customers as marketing research sources. The result of this strategy is a well diversified geographical distribution, but no strong position in any one market.

The imitator strategy is based on finding markets in which exports of similar products have been successful and then exporting to those markets. Trade data is analyzed by the imitator to determine which markets are appropriate for its products. Successful marketing and distribution strategies are duplicated by the imitator. This strategy can result in obtaining a significant market share in circumstances where the market is growing or competing firms are not actively pursuing growth. However, the strategy can give dismal results in a static market with tenacious competitors.

The third and final exporting strategy discussed by Suzman and Wortzel is the entrepreneur. The entrepreneur actively searches for potential markets. Large potential markets and the best means to exploit these markets are researched by the entrepreneur. Successful pursuit of this strategy requires a firm that is willing to invest considerable time and effort into information collection and analysis. Because of this initial investment of time and money, this strategy is not without risk. However, the result can be a significant new market which the exporter may have exclusively to itself.

In matching the firm profiles and exporting strategies Suzman and Wortzel suggest a responder or entrepreneur strategy for the new innovator. The imitator strategy is not feasible as the new innovator's product is unique. Using the responder and then the entrepreneur strategies sequentially is the ideal situation. The mature innovator should use an entrepreneur exporting strategy. This firm is past the early growth stages in which the responder strategy can be useful. The adaptor firm should also use the entrepreneur strategy. Its strengths lie in its flexibility and receptiveness to new ideas. An aggressive entrepreneur strategy can help supply those new ideas and new markets. Finally, the marketer firm should use an imitator strategy. The marketer's product line is not distinctive and is probably being exported or produced in most areas of the world. The success of the imitator strategy will depend on the marketer's ability to identify countries in which it can use its marketing and sales skills to gain a marketing advantage over present exporters. Continued success requires a combination of innovation, adaptation, and marketing expertise. The successful exporter will design an appropriate marketing strategy to fit its particular technological orientation and the needs of its export markets (Suzman and Wortzel, 1977).

In Summary

Although several models of the firm's exporting process have been discussed above, no one model seems to be more correct than the others. Dichtl, Leibold, Koglmayr, and Muller describe the perfect export decision model as being complex, explicative, dynamic, and micro-economic. It would incorporate a large number of variables which would explain as well as describe the model and it would follow a decision over a period of time. However, given the nature of the subject matter, a perfect model would be

very difficult to test empirically. Thus the above models test only portions of the ideal overall model.

Decision Variables in Exporting

Thus far in the review of export marketing literature, broad models of export decision-making and export behavior have been examined. In the following section a number of specific components of the models which have been determined to influence a firm's decision to export or expand export activities will be discussed.

Exporting Goals

The export decision will be strongly dependent on the goals associated with that decision (Hilger and Hoover, 1983). If the firm has tactical goals for exporting, it will likely consider exporting as a reaction to negative domestic economic or market conditions. If the firm tends to be a short-term opportunity seeker, government programs are a major stimulant to export. A firm which has strategic goals involving export opportunities will rely more on variables such as foreign demand and attractive foreign economic conditions. These same firms are wary of the United States regulatory environment and the effects it may have on their long-range future plans. Firms with a strategic orientation also rely on their own export experience to be a stimulus to further export activity.

Organizational Traits

Cooper and Kleinschmidt (1984) list a set of organizational characteristics which they believe are tied to a firm's export performance. These variables are divided into categories of firm demographics, firm market characteristics, and firm technological orientation. The major demographic

variable considered is firm size which is measured both by sales volume and number of employees. The firm's market characteristic which seem linked to export performance include: level of export restraints, domestic market potential, foreign market potential, and domestic market share. The technological factors which appear to be relevant include: the percent of sales spent on R&D, the number of patents a firm owns, the percent of sales made by new products, the R&D success rating, technology and product advantages of the firm, product quality, and the product concentration index.

Management Orientation

Cavusgil (1984) also concentrates on managerial orientations as they link to export activity. These organizational characteristics are divided into four broad categories. The first of these categories is differential firm advantages. These tend to be conducive features of the firm's products, markets, technological know-how, or resources. Examples of product related advantages include competitively priced products, technically superior products, patented products, or unique products.

The second category of organizational characteristics deals with management aspirations for business goals. These aspirations include such goals as growth, profits, and market development. Aspiration levels are used by Cavusgil (1984) as a determinant of risk-taking behavior.

The third category of factors is comprised of management expectations about the effects of exporting on business goals. These expectations reflect the decision-maker's present knowledge as well as his perceptions of future events. Environmental variables such as unsolicited orders from foreign buyers and fluctuations in exchange rates are reflected in the managerial assessments.

The fourth group of determinants can be identified as the level of organizational commitment to export marketing. This includes the commitment of managerial and financial resources. Some of the export-related activities which are examined include the gathering of foreign market information, the assessment of foreign market potentials, the formulation of basic export policies, and the planning of export marketing. These four groups of organizational features are not considered to be a cause of exporting, but are determinants of export marketing behavior (Cavusgil and Nevin, 1981).

Managerial Traits

Rather than examine broad organizational features as export determinants, Reid (1981) focuses on individual characteristics of upper management. Managerial knowledge, attitude, and motivation are factors which are examined. These include individual antecedents such as type and level of education, foreign nationality, ability to speak foreign languages, and extent of foreign travel. Reid also considers contact with occupational reference groups such as trade associations as a factor which would enhance a manager's ability to evaluate foreign market stimuli.

Sood and Adams (1984) also consider management variables to be a indicator of export performance and behavior. However, instead of managerial variables such as education and experience, the focus is on the learning styles of managers. They found that executives with companies more involved in exporting tend to have a more concrete (versus abstract) learning style. However, evidence for this hypothesis is far from strong as some executives, such as those in the furniture business, tend to be more abstract in their learning styles and this does not affect the exporting performance. The dominant learning characteristic in most executives appears to be a future

orientation. This agrees with Cavusgil's (1984) statement that one of the key reasons for exporting was long-range success.

Firm Size

One variable which has been studied by several authors is the size of the firm involved with the exporting decision. Results of these studies have been mixed. According to Bilkey (1978), four early studies performed by Perrett, Tooke, and the State of Minnesota found positive cross-sectional relationship between firm size and the percent of firms that export. However, other studies such as Bilkey and Tesar's (1977) examination of small Wisconsin firm has shown that size was relatively unimportant to export behavior when the quality and dynamism of the firm's management was taken into account. Exporting is not limited to large firms. Small and medium-sized firms can export successfully. Czinkota and Johnston (1983) found interesting differences in exporting attitudes, perceived problems, and activities based on the size of the firm, but declared these differences to be very subtle. Overall, they found small and medium-sized firms to be similar in exporting behavior. Cavusgil (1984) found that size appears to be a deterrent of initiating or expanding exporting activity in very small firms. However, beyond this the relationship between size and export activities remains vague. Exports may be especially attractive to smaller firms during periods of domestic recession or depression (Czinkota and Johnston, 1983).

Terpstra (1983) focuses on the importance of critical mass and economies of scale in each of the international marketing activities necessary for successful exporting. The major activities he examines are market research, product development and management, pricing, distribution, and promotion. In each of these international marketing activities, Terpstra argues that firms must have a critical mass and economies of scale to achieve success in .

exporting. This does not necessarily mean that a firm must be large to succeed internationally. Smaller firms may pool their resources or use outside agencies such as export trading companies to achieve a critical mass.

In Summary

As seen with models concerning export decision-making and processes, many factors may influence a company's export behavior. However, no one set of factors has been discerned that can be applied to all exporting situations. Most of the factors discussed above apply predominantly to small and medium-sized firms. Larger firms are often carried into export decisions by the momentum of their size.

Barriers to Exporting

Along with factors that stimulate exporting entry and expansion, it is important to study factors which are obstacles to the process. Again, different studies have turned up different sets of important exporting barriers. Figure 3 is a summary of several studies and the barriers found to be predominant in each study.

One important point which is mentioned by several authors (Kaynak and Kothari, 1981 and Bilkey, 1978) is that there is a difference between nonexporters' and exporters' perceptions of the problems involved in the exporting process. Nonexporters tend to perceive the lack of information on foreign markets as the major problem, while exporters are more concerned with specific exporting procedures. Bilkey (1978) also states that the types of obstacles perceived tend to vary by industry and the firm's export stage.

Bilkey and Tesar (1977) have expanded upon the idea that the problems faced by exporters vary depending upon the exporting stage of the firm. The following list of problems vary directly with the exporting stage - or the

Figure 3

SUMMARY OF EXPORT BARRIER LITERATURE

Author &
Description

Barriers to Exporting

	Foreign Competition	Lack of Information	Time Consuming	Service Difficulty	Large Domestic Market	Collecting Sales Dollars	Obtaining Distribution	Obtaining Foreign Representation	Paperwork Involved	Domestic Gov't Restrictions	Foreign Gov't Restrictions	Insufficient Finances	Inadequate Foreign Transportation	Different Product Standards	Language & Cultural Differences
Bilkey (1978) U.S. firms		X					X	X			X	X			
Duncan (1983) Nonexporters Discontinued exporters		X					X					X		X	
Jones (1980) U.S. firms										X	X	X			
Kaynak & Kothari (1984) Exporters Nonexporters	X	X	X	X	X	X	X	X	X	X	X	X	X		X

further advanced the export stage, the greater the percent of firms that viewed these as barriers to exporting: difficulty in understanding foreign business practices, different product standards and customer requirements in foreign countries which make United States products unsuitable for export, difficulty in collecting payment from foreign markets, and difficulty in obtaining adequate representation in foreign countries. One perceived barrier, difficulty in obtaining funds to initiate exporting, was inversely related to the export stage of the firm.

Czinkota and Ricks (1983) attempt to use multiple measures to accurately assess the problems facing exporters. Their hypothesis is that the results of export problem studies will vary (and have varied) depending upon the exact questions raised by the researchers. They asked three questions concerning the ranking of exporting problems to a sample of exporters. These questions were phrased in a way similar to previous studies done by other researchers. They found that their hypothesis was not rejected. Exporters did tend to answer the differently worded questions in different manners. This could be why many of the previous studies discussed had such varying results.

Export Marketing Information Needs

In most of the studies mentioned above, one major problem faced by exporters and potential exporters is the lack of marketing information concerning foreign demand. Marketing research is commonly conducted in the United States when a new product is to be introduced. Few decisions are made in the domestic marketplace without prior research done on the feasibility of the decision. However, exporters have not continued this practice of marketing research into their international markets.

According to Cavusgil (1985) many companies should be involved in the market research of foreign opportunities. He defines market research as the

applying of logic and objectivity to the systematic design, collection, analysis, and reporting of data and findings concerning international markets. The information gained from this research can aid in reducing uncertainty, pinpointing solutions and determining appropriate marketing strategies. One major concern of export marketers is the sales potential in a selected market for the company's product(s). The next area of concern is the identification and selection of a means to distribute the product in the overseas market.

However, Cavusgil states that the complexity of foreign research done by 57% of the executives of exporting companies could be described as "simple" or "very simple". Only 14% of the respondents applied more rigorous techniques such as regression or econometric forecasting in analyzing foreign market research data. Overall, foreign market research was more subjective and less precise than the research done on domestic markets. Executives surveyed by Cavusgil attributed this to the limited experience of managers in conducting export market research and the difficulties of gathering relevant, timely, and accurate information. The extent and complexity of market research varied with the amount of risk associated with the exporting decision. The larger the degree of risk, the more effort was put into export market research.

Terpstra (1983) states that one major deterrent to exporting is the knowledge cost involved with export market research. International information costs may be higher for several reasons including: there are a large number of foreign markets, the firm is further away from the foreign markets, the firm is less familiar with the foreign culture and marketing, statistics are often less available and reliable in foreign countries, and language differences may require multiple translations. It is also possible that the value of information may be less because of the smaller size of the foreign markets compared to the firm's domestic market.

Summary

Many of the issues discussed above will be examined in this study. A list of research objectives can be found in the next section of the paper. Because of the exploratory nature of the study, complex issues such as managerial and organizational traits were not considered. It is probable that these will be looked at in future studies. Instead firm demographics, export intensity, and export behavior have been studied to determine the educational needs of Oklahoma manufacturers.

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