

# Exporting Culture: a Requirement for Competitive Internationalization\*

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## ABSTRACT

*This paper proposes a concept of “culture for internationalization” and “exporting culture” –a highly relevant concept for developing countries’ firms that are likely to follow a gradual internationalization process– based on the strong relationship binding the concept proposed to strategy and systemic competitiveness.*

*These three items are paramount to understand the conditions underlying internationalization as it is characterized by particular traits that make it a key alternative for a firm’s growth and successful perdurability based on competitiveness.*

*“Culture for internationalization” and its variation, “exporting culture”, overflow the concepts of organizational or corporate culture and involve some major interaction among the micro, meso and macro levels of a national economy in order to operationalize strategies that promote such culture and assure successful firm and economy internationalization.*

*Discussion remains open as to the concept and its applicability with the hope that it contributes to the understanding and creation of appropriate conditions for firms to be able to access international markets with greater advantage and generate as much benefit as possible to their nations, particularly in developing countries.*

**Key words:** *Exporting culture, International strategy, Systemic competitiveness, Organizational capabilities*

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## RESUMEN

El artículo formula una propuesta conceptual acerca de la “cultura para la internacionalización” y, más específicamente, de la “cultura exportadora” –concepto altamente relevante para las empresas de los países en desarrollo que parecen seguir el modelo de internacionalización gradual– a partir de la explicación de la fuerte relación existente entre dicho concepto, la estrategia y la competitividad sistémica.

Estos tres elementos son fundamentales para comprender las condiciones en las que se debe enfrentar la internacionalización moderna caracterizada por rasgos novedosos que la convierten en una alternativa clave de crecimiento y perdurabilidad exitosa para las empresas con base en la competitividad.

La “cultura para la internacionalización” y su variante, la “cultura exportadora”, van más allá del concepto de cultura organizacional o corporativa e implican una fuerte interacción entre los niveles micro, meso y macro de una economía nacional para poder operativizar estrategias de promoción de dicho tipo de cultura que garanticen una internacionalización exitosa.

La discusión sobre el concepto y su aplicabilidad queda abierta y se espera que contribuya a la creación de las condiciones adecuadas para que las empresas, especialmente de los países en desarrollo, puedan acceder a los mercados internacionales en condiciones menos desventajosas y obtengan para sus naciones los mayores beneficios posibles.

**Palabras claves:** Cultura exportadora, Estrategia internacional, Competitividad sistémica, Capacidades organizacionales

## INTRODUCTION

Expectations on a country’s economic growth and development are mostly based on the possibility of building links to interact with other economies in order to obtain the manifold benefits created by international trade. In fact, international trade theories have pinpointed, from the beginnings of economic science, the various benefits that arise from the exchange of goods.

Such benefits range from the creation of a trade balance surplus, to the in-

crease of the stock of resources, to the improvement of the efficiency levels related to the use of available resources –the enlargement of target markets consents to the implementation of productive scale economies and diverse forms of knowledge transfer–; benefits include also the availability of goods not produced in a given country due to the lack of necessary resources or knowledge, the availability of goods produced in the country but imported at lower prices because of the effects of efficiency-based specialization, and, finally, the increase of world goods output.

Despite the praise conceded to the exchange of goods and services, the political economics of international trade has always swung from free trade to protectionism. The history of world trade and its institutions has unfolded amid the never ending discussion on the advantages and disadvantages of government intervention in international trade and the use of trade policy instruments, sometimes explicitly and some others covertly, in order to restrain free trade under justifications usually based on the protection of national interest. Latin American countries know well such an argument since they applied, some decades ago, an import-substitution policy aimed at protecting their infant industry with varying results.<sup>1</sup>

In such a context have also emerged the most important international trade institutions: GATT and WTO. Obviously, the items mentioned above have determined the current WTO agenda concerning highly relevant and complex subjects as property rights, biodiversity, service trade, and market liberalization.<sup>2</sup>

It is under these conditions that countries try to reap as many benefits as possible in the fields of international

trade. No matter the enormous asymmetries existing in terms of bargaining conditions or economic, political and even military power, of comparative and competitive advantages or other factors, every country in the world wants to formulate and implement a trade strategy that produce profits.

Thus, it is not surprising that countries and even their inner regions design and implement internationalization initiatives for their firms and products. Such initiatives are often grouped under the generic label of a “culture for internationalization” or, even more specifically, “exporting culture” as is usually the case in emerging economies. These terms are frequently used without distinction in different contexts (political, business, sector, educational, journalistic), though no formalized concept exists to support diagnosis, formulation, implementation, and evaluation of such painstakingly elaborated strategies for internationalization (or export).

The uncertain use of a vaguely defined term concerning highly relevant economic aspects requires deep reflection as to the real level of understanding and creation of a “culture for internationalization” and its highly frequent variant for developing countries. An initial perception indicates that current use of the terms under discussion is barely a rethoric tool used in the economic discourse of less developed countries.

<sup>1</sup> See, for instance, the issues stated in an interesting presentation on the Colombian experience related to national infant industry protection schemes (J. I. González, 2001).

<sup>2</sup> A look at the WTO website is very illustrative of the principal issues at stake in the updated international agenda.

This paper is aimed at examining the nature and use of the term “exporting culture” in its natural environment in order to propose a concept that includes every relevant dimension so that it may be operationalized in an effective way that assure nations and firms the advantages of international trade to boost national growth and development.

The document is structured as follows: Firstly, it tackles the relationship among firm’s activities outside its “natural” markets and firm strategies implemented in order to assure middle and long-term perdurability; next, the nature of internationalization in the last decades is characterized and firm-level implications are briefly described. The exporting process is, then, analyzed as one of the many internationalization modes available and it is thought of in terms of the existence of a “culture for internationalization” that may be instrumental to international competitiveness, which is conditioned by the ever increasing interdependence and integration of economic, political, and socio-cultural agents throughout the world. Finally, a proposal is advanced concerning the definition of “exporting culture” and the key factors for its promotion.

## **INTERNATIONAL ACTIVITY AND FIRM STRATEGY**

Firm perdurability based on competitiveness, more than simple survival,

is one of the main reasons to apply strategy in the management area. Growth, on the other hand, is maybe the most important result of competitiveness and a means to attain perdurability. That is why firms that pursue successful middle and long-term perdurability have to deal with competitive strategies right since their foundation.

A firm’s competitive strategies are heavily conditioned by the links between the firm and the markets. Concretely, the traits of demand for certain firm products are the final determinants of a firm’s possibilities to survive and grow. Demand evolves, *i.e.*, its characteristics change in time and condition the performance and nature of the activities carried out by firms in any economic sector.

Attending to this framework, firm growth is strongly determined by access to national and international markets. An enterprise may focus on foreign markets because of different reasons: increase of competition in the domestic market, home market saturated by firm products, firm’s home market “invaded” by foreign competitors, unmotivated orders from abroad, greater profitability of foreign sales, among others<sup>3</sup> (Reid,

<sup>3</sup> Most scholars agree to the classification of firms’ motives to go abroad into two main categories: proactive and reactive. The former originate within the firm itself, the latter are born in the setting.

1981; Bilkey, 1982; Cooper & Kleinschmidt, 1985; Leonidou & Katsikeas, 1996). Likewise, entry into international markets may follow different paths: exports, franchises and licences, agreements, direct investment abroad. These entry modes have specific traits that make them differentiable as to the degree of control that can be exercised, the degree of reversibility, firm resources engaged, and type and degree of risk incurred into (Buckley, 1998). These and other factors related to individual firms, to economic sector, to competitors, and to markets make internationalization decisions highly complex and strategic (Sierra, 2003). Also, it has to be considered that foreign market access does not always imply positive results or results comparable in magnitude.

Exports are just one strategic option among the wide range of possibilities included in the internationalization activity portfolio available to firms. Their relative importance and high level of implementation compared to other internationalization options, particularly among small and medium sized enterprises (SME's), has to do with their low risk level, low firm resource requirements, and high flexibility of action (Young *et al.*, 1989).

Strategy is of paramount importance because successful growth and perdurability can only be reached through the implementation of appropriate

strategic choices that guarantee doing well in foreign markets<sup>4</sup>.

After these remarks, we can state the starting assertion of this reflection: Internationalization of firm activities, a strategic choice to support growth and middle and long term perdurability, is conditioned by the existence of a "culture for internationalization" that brims over corporate or organizational culture and is related to a multidimensional firm *milieu*. This shall be the guiding idea on which the following parts are based.

## THE NEW MEANING OF INTERNATIONALIZATION

Recent transformations defining growing interdependence of national and local systems in economic, political and socio-cultural aspects exhibit some well-defined characteristics.

First of all, knowledge exchange has an ever-expanding role in the international dimension of economic interaction among different agents. Beyond the export of goods incorporating varying levels of value added, the challenge local productive

<sup>4</sup> Cooper & Kleinschmidt (1985), for instance, construct eight strategic combinations for export on the basis of three specific dimensions: degree of product adaptation, target countries in terms of geographic distance (neighboring versus far-away), level of market segmentation. Choice of appropriate exporting strategy is done in accordance with firm specific characteristics.

systems face nowadays demand strategic answers to a dilemma that involves long term echoes: to evolve toward more competitive world-class scenarios or to stick to a model that reproduce traditional low international complementarity relations.<sup>5</sup> The origin of the above said evolution has to do with costs and risk of knowledge investment, an activity that can hardly be overlooked by value chain components anywhere.

In simple terms, this means that today the amount of exports is less important than their quality. In order to get in line with the second feature, internationalization is based on qualified and distinctive local competences

that generate satisfactory profitability and permit the establishment of long term, stable market and other relations. On the contrary, leverage on costs and the use of standard knowledge exclusively generate episodic relations and low returns.

Secondly, competitiveness has become international and systemic by nature. That is, it does not involve only a product and its price or the manufacturing firm. Today competitiveness has to do with positioning among a wide range of levels concerning international labor division and the creation and maintenance of mechanisms to secure the production and circulation of knowledge that can be incorporated into processes and products. Moreover, an effective world integration strategy demands the preservation of those specificities that differentiate local production such as creativity and attractiveness since it is well known that only local contexts instill and validate originality in the standardized sea of international competence for markets. It is also important to remark the value of local resources to keep and improve its presence in world markets.

Thirdly, in the presence of abundant externalities, only the construction of networks made up of firms and other agents and the maximum usage of available information allow continuous contact with markets, timely reaction to changes, and fluid exchange of knowledge.

Competitiveness today can only be considered in a dense environment

<sup>5</sup> Take as an example the assertions made by Valencia Barrera (2004), Research Director at *Fundación de Estudios Sociales y Económicos del Occidente Colombiano – Fedeoccidente*, in the sense that "... 55% of exports and 63% of imports in the American area are made by the USA. What do they export? Essentially, capital and intermediate goods. What do they import? Natural resources and capital goods that amount to 43% of total imports, a relatively high percentage that corresponds to the entrance of final goods produced with semi-elaborated goods or parts manufactured in the USA and sent to countries having lower-cost labor to be assembled through well-known *maquilas*. Then, almost all Latinamerican countries produce basically the same goods; according to Colombian Fedesarrollo, if the exporting offer of all countries is benchmarked, 'a stunning similarity will come out, particularly among Latinamerican countries', indicating a low level of complementarity and 'a high competition in a few concentrated sectors to improve access conditions to the markets of the USA and Canada.'" (Own translation)

where production, research and education (including training) are simultaneously related through patterns of openness and integration. In such a scenario, only a “community of local actors” is able to organize and maintain a complex environment with the appropriate participation of technological, social, and cultural variables.

The financial system has a key role in internationalization. Though it is necessary to remark that such role goes well beyond traditional credit practices to fund usual firm projects. The needs of local system networks deal with financing R+D initiatives, assuring the appropriate functioning of consortia and other group alliances, participation of venture capital to create system capabilities, intermediation or direct participation in regional projects, boosting internationalization schemes other than exports, or financing projects of interest to all local system stakeholders.

From such a standpoint, also the government has a relevant role. It has to do with the promotion and stimulation of certain behavior trends among firms such as the transition towards a knowledge-based economy, the structuring of networks, the enlargement of local, regional and national comparative and competitive advantages, the creation of macrostrategies to complement firm-level strategies. Such initiatives should be aimed at creating and maintaining a proper milieu to permit the rooting of systemic international competitiveness.

The lack of understanding and planning of strategies characterized as depicted above shall obstacle the creation of a “culture for internationalization” –at economic, political, social and cultural levels– in the sense intended here.

These remarks are particularly relevant to firms in developing countries that have undertaken economic liberalization processes since the last two decades of the twentieth century under greater world competitive pressure –in terms of supply (*i.e.*, firms and products present in the market) and demand characteristics (more demanding consumers whose likes change rapidly)– than Asian “tigers” did in the decade of the seventies.

## INTERNATIONALIZATION THROUGH EXPORTS

Entry into foreign markets is not only a strategic activity for firms and nations,<sup>6</sup> but it is also a complex pro-

<sup>6</sup> The argument focuses on exports because, in spite of the wide range of internationalization modes available, most firms –particularly in developing countries– do not have the resources, experience and knowledge, orientation to alliances, and management of uncertainty and risk to use more complex entry modes. Moreover, in many countries, exporting companies are but a small percentage of the existing firms despite the advantageous characteristics of internationalization through exports (see Aulakh *et al.*, 2000). Colombian Proexport reports, for instance, that micro, small and medium-sized firms represent 99% of the Colombian industry, but hardly 12% of them export and their share of total foreign sales does not go beyond 20% nowadays.

cess with peculiar characteristics, some of which are general while others remain specific to the environment where firms exist (Cooper & Kleinschmidt, 1985; Moen, 1999; Williams & Chaston, 2004).

Initially, it is useful to remember that most studies acknowledge at least two “moments” in the process of getting to foreign markets through exports. In the first moment, exporting activity is plainly inexistent, but a tacit interest in foreign markets does exist and defines the so-called “propensity stage”. In a later moment, the “action stage” comes forward when the first steps in the exporting activity are taken. Between these two “moments” lies the strategic decision-making process that has to provide answers to the fundamental questions on the strategy components: Which resources are available to use? (internal environment analysis) Under which conditions shall actions be undertaken? (external environment analysis) Where are the actions headed to? (selection of target market) How shall actions be oriented? (choice of operation modality—alone/cooperative— and entry mode) When shall implementation start? (timing).

Leonidou & Katsikeas review over ten models seeking to explain the exporting process on the basis of a series of stages characterized by different variables according to the nature of exporting firms and their setting. A careful synthesis of the

structural characteristics and methods underlying the models is made and a proposal concerning the central concepts that permit a complete interpretation of exports is advanced. Such proposal is based on a three-stage mechanism (pre-engagement, initial engagement, advanced engagement) and five sets of stage-associated characteristics: facilitators and inhibitors; information needs and acquisition; stimuli and barriers; market selection, entry/expansion; marketing strategy (Leonidou & Katsikeas, 1996).

Secondly, it is worth remarking that firms that undertake exporting activities adopt an innovating behavior by doing so. Innovation lies in the consideration of a novel activity in the first moment—where export awareness and intention of timely use of such opportunity are the key elements of the “propensity stage”—and start of the new activities related to exporting—export trial, export evaluation, and export acceptance—in the second moment, the “action stage” (Reid, 1981). Moreover, the innovating behavior of exporters is confirmed when the capital role of learning (experience accumulation) is considered in relation to development of the exporting process. As a matter of fact, the probability of success in implementing an exporting activity is lower if no previous experience exists; yet, even if such experience has been accumulated, but the activity has been suspended for a two-year pe-

riod approximately, re-entry costs are similar to those faced by first-time exporters (Roberts & Tybout, 1997).

### **COMPETITIVENESS AND CULTURE FOR INTERNATIONALIZATION**

Access to international markets demands consideration of important aspects by firms that intend to pursue that route. In fact, firm internationalization can be thought of as the result of a set of strategic decisions so that the internationalization process follows a concentric pattern of contingent adaptation of strategy and firm structure to the relevant milieu (Beamish *et al.*, 1999).

In the end, the outcomes of the international strategy selected and implemented define the competitive position of firms. Competitiveness in national and international settings is determined by three issues: price, differentiation, and reaction capacity. Positioning of individual firms concerning their strategic group competitors in each of these issues depends on a variety of organizational factors (*i.e.*, capabilities to innovate products and processes, to reach scale economies, and to incorporate value added factors into goods/services) as well as environment factors (*i.e.*, possibility of geographic market diversification, quality of direct competitors, demand require-

ments).<sup>7</sup> All these factors are essentially complementary, a fact that reinforces the systemic nature of international competitiveness.

Now, even though we count on several different models that explain the exporting process and its associated characteristics in different firms, and some links have been established among firm systems/individual firms and the results brought about by different export strategies (*e.g.*, Bilkey, 1982; Cooper & Kleinschmidt, 1985; Beamish & Calof, 1989; Leonidou & Katsikeas, 1996; Aulakh *et al.*, 2000; Williams & Chaston, 2004), a formal definition of the existence of a “culture for internationalization” seems distant, yet absolutely necessary to facilitate an integrative analysis of the central factors of firm internationalization in order to create methodological proposals and tools to diagnose situations and formulate, implement, and evaluate strategies that assure, to a reasonable extent, the successful internationalization of firm activities.

In fact, the use of terms such as “exporting culture”, a variation of “culture for internationalization”, is highly frequent in diverse settings from government institutions (minis-

<sup>7</sup> Aulakh *et al.* (2000) discuss some interesting ideas on the first two aspects: price and differentiation strategy.

tries and agencies) to economic sector and business organizations to educational institutions themselves, particularly in Latin America. All this notwithstanding, no clear concept has been formally stated.

The inconsistent use of these terms, including its assumed interchangeability, can be tracked down by means of a simple exercise. In fact, a sampling of documents produced in different settings for political and technical (policy documents, plans, programs), informational (press releases, news), and academic purposes (B.A. and graduate programs and training courses) in a varied international context can be very illustrative. An undemanding reading of the sample documents produces straightforward evidence on the use and meanings associated to the terms of our interest (“culture for internationalization” and “exporting culture”), at least at a surface discourse level.

A review of some documents, hunted through Internet search engines requiring to find either of the two terms or a variation of them, produced the following list of expressions that are mostly used as closely associated or equivalent in meaning: exporting experience, availability of international specialists, international competitiveness, specific training in international operations, accompanying of inter-

nationalization process, mindset and management.<sup>8</sup>

Now, the importance of this issue goes well beyond the formal discourse aspects and has to do with the necessary existence of some previous essential conditions that guarantee the effective competitive positioning of firms and products in an increasingly integrated international milieu. In simple terms, successful internationalization through whatsoever strategy that be selected is mediated by strategic thinking, strengthening of firm capability, acquisition of information on markets and competitors, obtaining the necessary funding, choosing appropriate modality and timing. Yet, all this shall be ineffective if there is no adequate culture to make all relevant agents interact as efficiently as possible: entrepreneurs, suppliers, employees, public servants, consumers<sup>9</sup>.

<sup>8</sup> Spanish and Portuguese terms are: *experiencia en exportación, disponibilidad de profesionales en el área internacional, competitividad internacional, capacitación específica en el área internacional, acompañamiento de los procesos de internacionalización, mentalidad, and gestión*. Documents can be consulted at the website addresses provided at the end of References.

<sup>9</sup> This is the stakeholder perspective applied to internationalization projects. In such a sense, the ever growing Fair Trade initiative has accumulated precious experience.

## **BUILDING A DEFINITION OF EXPORTING CULTURE**

Even though term components seem to suggest it, the concept embodied by corporate or organizational culture does not include the whole sense and elements of “culture for internationalization”.

In fact, the evolving notions of corporate/organizational culture are neither wide nor deep enough to comprise the complexity of “culture for internationalization”. Early formal concepts built around patterns of activity, opinions and actions that arise from tradition, conditions and values (Ouchi, 1982; Smircich, 1983; Schein, 1988) or, lately, systems made up of symbols and common visions of firms and their settings on the basis of systems of shared meaning (Allaire & Firsirotu, 1992) that reveal themselves through a collective conscience (Méndez, 2003) are all overflowed by the dimensions and variables intervening in internationalization.

Of course, organizational culture is critical to the implementation of whatsoever type of strategy, since it generally influences the firm business model. And then, here and there it is possible to find useful elements that effectively contribute to the formalization of the concept under discussion. Take for instance, the efforts made by some authors to relate culture to organizational effectiveness

(Denison, 1991) in order to brace the relations among culture, strategy and competitiveness that offer quite interesting views and elements to our discussion. In fact, organizational culture can be a source of competitive advantage due to its influence on the definition and change of employee’s behavior and firm business model (Hitt, Ireland & Hoskisson, 1999).

Thus, it is unavoidable to consider cultural attributes and their changing value in diverse competitive settings to explain firm competitiveness by means of the resource and capability theory in connection to the answers provoked by exogenous stimuli (Barney, 1986 and 1991; Cabrerá & Bonache, 1999; Cabello & Valle, 2002).

It is, in fact, in the framework of the relationship among firm culture-strategy-competitiveness that “culture for internationalization” acquires meaning and relevance. This type of culture involves aspects and variables of different types both within the organization and in its milieu and implies a high level of complexity as to their creation/acquisition and articulated interaction to formulate an international strategy that secures the reaching of precisely defined objectives.

“Culture for internationalization” is based on the generic concept of culture; that is, it deals with cultivated behavior or accumulated experience

that is socially transmitted or behavior acquired through social learning.

Yet, in more concrete terms, it has to be thought of from two interlocked perspectives: the firm's internal environment (organizational factors) and external environment (contextual factors) (See Exhibit 1).

A warning is due here. From this point on, the discussion will focus on "exporting culture" -a variation of "culture for internationalization"- due to its high relevance for the internationalization process of developing countries' firms.

From the organizational standpoint, "exporting culture" involves three key aspects: capability creation, organizational structure, international strategy formulation and implementation.

The choice of exports as the preferred internationalization mode is heavily conditioned by several firm and management-related strategic variables. In fact, motivation and orientation to foreign markets are influenced by the entrepreneur/manager's perceptions and some firm-related strategic considerations that turn decision-making on exports into a complex, innovating process made up of different stages where multiple variables are to be taken into account (Reid, 1981; Beamish & Calof, 1989; Leonidou & Katsikeas, 1996; Sierra, 2003; Williams & Chaston, 2004).

Firstly, since there is evidence that suggests that a firm can develop core competences both in terms of the capabilities it possesses and the way such capabilities are used to produce strategic actions, firm capability construction/enlargement<sup>10</sup> implies important aspects such as the need to reduce problems related to a manager's only and limited perspective, shallow knowledge of different areas and the very existence of and attention given to those areas, all of which are aspects of bounded rationality (Nooteboom, 1993) that become particularly outstanding in SME's headed by a single owner-manager. On the contrary, problems affecting large firms in this aspect

<sup>10</sup> Although authors differ a bit in their classifications, we make use of concepts by Hamel (1994), Klein and Hiscocks (1994) and Winterscheid (1994) who clearly differentiate among assets, skills, competences, and capabilities and use an ordinaly related categorization of those concepts to define them. Thus, competences are integrated by tangible and intangible assets and specific skills and may be embodied by an activity involving the accumulation of knowledge that generate an attitude to manage the plant (lean manufacturing), the channel (logistics) or the brand (advertising), for instance. Core competences, in turn, are central to the survival of the firm. Competences evolve through processes governed by capabilities or dynamic organizational routines that influence on the rate and direction of the evolution of a firm's competences. From this perspective, it is important to remark the role of persons in organizations since only individuals can acquire skills and learn to, then, transmit skills and knowledge to organizations so becoming "systrategic assets".

have to do with agency, coordination, and property/profit dilution.

Changes that help overcome these difficulties arise from the innovating behavior necessary to generate learning processes that permit experience accumulation concerning product exports so that new and better practices are implemented to carry out firm activities. Only through the creation of relevant capabilities in export-related activities can a firm develop competitive advantages that improve its strategic positioning in an international setting where competitiveness is characterized by a combination of political and economic interdependence factors.

Secondly, organizational structure is essentially concerned with the existence of a relatively (in)dependent international area led by competent persons. This issue is also constrained by the distance between ownership and control. In fact, the creation of an international area implies the reallocation of firm resources that goes beyond a simple redistribution since it brings about costs derived from recruitment of expert personnel or relocation of existing resources (opportunity costs) that affect total resource availability through the internationalization project irreversibility degree (sunk costs).

Finally, formulation and implementation of the most appropriate international strategy is clearly affected by the two previous aspects (Sierra,

2003). Though exporting is, at least theoretically, the simplest alternative among a wide range of internationalization options, it involves particularly specific complexities (Hill, 2000).

Concerning key firm capabilities necessary to promote a “culture for internationalization”, a number of studies have established that variables such as educational attainment, knowledge of foreign cultures and countries, and foreign language literacy among others (Reid, 1981; Roux, 1987; Williams & Chaston, 2004) are highly relevant determinants –when measured for owners, top and middle management– of the propensity to go abroad (to export) or to expand international operations (Reid, 1981).

Of course, other organizational variables such as firm size, ownership structure related to control (*i.e.*, strategic decision-making structures) and the results of the considerations on the firm-product-market-setting bloc<sup>11</sup> do have a determinant role in the shaping of a “culture for internationalization”.

<sup>11</sup> Variables involved in this analysis include the nature of the firm (expressed through its mission and vision, objectives, goals, strategies, etc.) and the characteristics of its sector, the characteristics of competitors –particularly its strategic group–, geographic and cultural distance to the target market, and product and firm competitiveness, among others.

Thirdly, variables involved in the formulation and implementation of the international strategy (decision to go abroad, target market selection, modality and entry mode selection, timing decisions) (Sierra, 2003) are undoubtedly central to the creation of a firm's own culture related to the international dimension and its related affairs.

Now, turning to the external setting, the creation of an "exporting culture" necessarily entails the coherent articulation of the organizational aspects just mentioned and policies and particular services created by the government (*e.g.*, incentives, means of promotion, access to financial support, infrastructure) or at the meso level (*e.g.*, conformation of alliances, sector-based initiatives, inter-sector alliances). Clearly, other significant complementary issues to be considered here are an appropriate educational and training system in charge of the formation of leaders able to think of, plan and implement international strategies as deemed necessary.

The role of government and sector organizations, from their position in the firms' close setting, is not restricted to the creation of particular incentives or initiatives. It has to be understood in a wide sense so that it be recognizable as an interaction characterizing the systemic nature of the competitive mechanism that serves as background for the cre-

ation of an effective "culture for internationalization".<sup>12</sup>

## PROMOTING SYSTEMIC EXPORTING CULTURE

Once the systemic nature of "culture for internationalization", and particularly of "exporting culture", has been substantiated, it is straightforward that the creation and promotion of such culture cannot have a different profile. This suggests that initiatives meant to create a "culture for internationalization", particularly in economies characterized by substantial necessities or structural restrictions, should focus on middle and long term actions that affect the most sensible issues mentioned before: Creation and incorporation of knowledge to create differentiation, value

<sup>12</sup>Leonidou & Katsikeas (1996) agree with other authors that, from a macro perspective, exports can generate benefits to national economies such as the growth of international reserves, the creation of jobs, the creation of back and forward links in different industries, and even an improvement in the welfare of the population. In the same sense and concerning today national export strategies., J. Denis Belisle, International Trade Center Executive Director, outlined at the third World Conference of Trade Promotion Organizations in Marrakech (Morocco, 25-27 October 2000): "five key challenges to re-orient trade promotion: 1. Integrate export strategy in economic planning. 2. Understand the client's mindset. 3. Create a competitive environment. 4. Incorporate feedback. 5. Encourage public-private sector partnership."

and reaction capacity; promotion of inter-firm and inter-locality alliances; creation and strengthening of distinctive local and firm-based capabilities and competences; investment in information, education and training systems to facilitate decision-making; stimulation of strategic internationalization modes other than exports.

It is self-evident from the paragraph above that initiatives to promote “exporting culture” cannot be addressed only at firms and entrepreneurs. Its focus has to be wider and include all members in a given society because such is the only way to create and incorporate knowledge in a large scale into the processes and products of a country’s industrial system. In fact, value-added generated by differentiation based on a mix of knowledge, experience and creativity takes place in a complex system where achievements in formal education and professional training, the setting of strategic objectives that comprise all stakeholders’ interests during the decision-making process, appreciation of local cultural elements in a wide sociological perspective, and sustainability of a social network built on principles as confidence and solidarity interact to create an appropriate environment.

Should this basis be neglected, policies, programs and initiatives will have an isolated impact and their results shall be inarticulate. Take, for instance, an export training program

addressed at entrepreneurs that fails to promote the acquisition and incorporation of knowledge to the firms’ processes and products to increase value-added through differentiation or to foster the creation of strategic alliances (*e.g.*, export consortia, commercial alliances) to create advantages led by reduced international operation costs. Such a program will probably accomplish scarce results represented by the completion of a successful training course and the certification of the participation of a number of entrepreneurs or managers. Of course, that is enough to justify the existence and increase of the spending budget of the agency that organized the program, but its effective strategic impact is at least uncertain.

## CLOSING REMARKS

The reflection proposed here is merely exploratory and does not intend to draw definitive conclusions. The intention is to start a deep discussion that leads to the creation of roads that connect academic work with government policy formulation and implementation, and firm-level establishment of improved practices.

We have asserted that the lack of a foreign-oriented competitive strategy affects successful long-term perdurability of firms, particularly in emerging economies. That is the main reason to establish a more than for-

mal link among strategy, culture for internationalization (exporting culture) and competitiveness at firm, sector, and country level. Modern internationalization characterized in section three directly influences on country, region, and firm competitive position.

Neglected understanding of the necessary and sufficient conditions to compete in a more balanced international setting, that is the absence of a clear concept of “culture for internationalization”, shall lead countries and firms to a rear position in terms of the benefits obtained from internationalization. This is even truer for developing countries that basically depend on commodity exports.

In fact, Uppsala’s gradual internationalization model finds propitious conditions of applicability in these countries. In other words, firms have to consolidate international sales before proceeding into more advanced (*i.e.*, more complex) stages (concession of franchises and licenses, advantageous agreement negotiation, greenfield investment projects abroad) because of the barriers they face at their home settings: low value-added production, prevalence of commodity exports, extended financial constraint, poorly developed managerial culture, low government protection capacity compared to more developed nations, asymmetry disadvantages in negotiation.

After these considerations, it is indisputable that discussion, formaliza-

tion and application of a “culture for internationalization” concept, and particularly of “exporting culture” in the case of developing countries, is due in order to find effective ways out of the problems related to foreign market access.

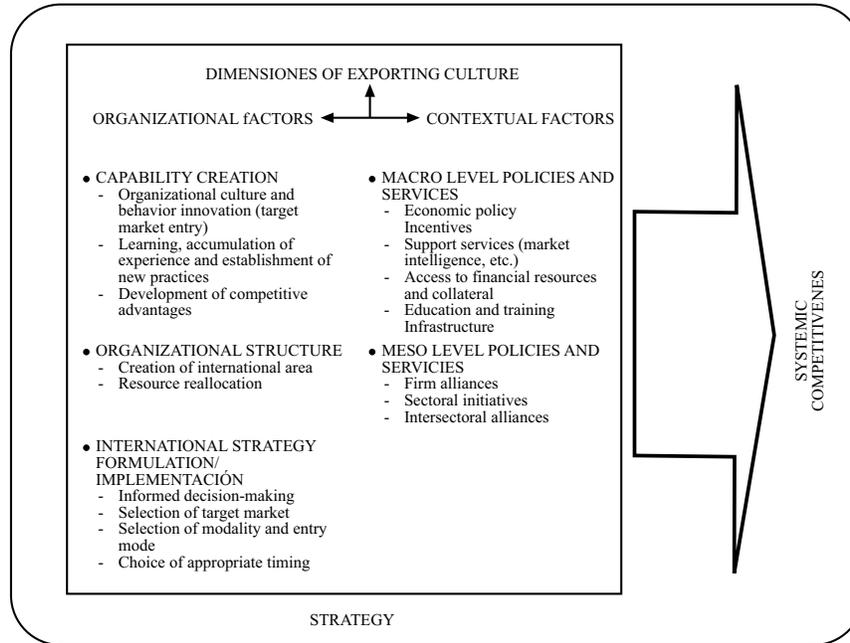
The conceptual proposal advanced here brims over traditional and modern corporate and organizational culture notions. It states clear links among exporting culture, strategy and systemic competitiveness and describes exporting culture as having two dimensions (organizational and contextual) and five issues that comprise aspects related to innovation, learning, resource management, capability creation, modification of organizational structure, organization strategy formulation and implementation, network creation, and government policy roles.

Naturally, this discussion is just at its beginning and would greatly benefit from the formulation of a research agenda that appeal to all stakeholders in the subject and the creation of a forum to critically examine alternatives to go from discussion to action in a relevant way.

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Exporting Culture: a Requirement for Competitive Internationalization



Source: Own elaboration

EXHIBIT 1. "Exporting Culture" as an element of systemic competitiveness

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