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Stage Models Re-visited: A Measure of the Stage of Internationalisation of a Firm¹

Abstract

- This paper presents a scale to measure the stage of internationalisation of a firm which depicts export development as an innovation adoption process. A four-stage, multi-item scale ranging from export awareness, interest, trial to adoption is developed.
- The analysis is based on two independent surveys of Australian wineries. Systematic procedures of scale development are followed including the use of confirmatory factor analysis for scale validation.

Key Results

- The four stage model of internationalisation is shown to possess good psychometric proprieties. The data analysis suggests a strong negative correlation between the first stage of awareness and the other stages, and strong positive correlations among the last three stages of internationalisation.

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Introduction

The importance of exporting has been recognised world-wide. Over the last four decades a body of literature pertaining to the export behaviour of firms has been developed (see Aaby/Slater 1989, Chetty/Hamilton 1993, Leonidou/Katsikeas 1996 for reviews). No single acceptable underlying theory explaining this behaviour exists, however, two similar schools of thought have emerged in the literature to explain this internationalisation process. One termed the innovation related internationalisation model (I-model) and the other, the Uppsala internationalisation model (U-model) (Andersen 1993).

The U-models suggest that internationalisation can be viewed as a dynamic cycle, where the change in the state of internationalisation depends upon the state of internationalisation. As a consequence the distinction between state and change aspects of internationalisation is emphasized. In contrast, the I-models view exporting as an innovation for the firm and employ theories such as Rogers’ theory of innovation diffusion to explain the export behavior of firms (Rogers 1962). Both of these models view internationalisation as a sequential incremental process with a varying number of stages (Andersen 1993).

Over the last decade there has been much debate over the applicability of the stage models of internationalisation. Especially with the advent of research into born global/International New Ventures. This criticism is centered on a number of studies that have identified the conventional internationalization “stage” theories as not adequately explaining the internationalization process of certain firms – especially small firms in the high technology fields, (Bell 1995, Knight/Cavusgil 1996). However, other researchers have identified a number of limitations in the born global studies (Argyrous 1993, 2000) and have highlighted the fact that the born global phenomenon does accord with evolutionary theories (Madsen/Servais 1997). Argument has been presented that while some firms are “new” in terms of the time since establishment as legal entities, they are often much “older” in terms of the length and variety of experience of their owners and or managers (Argyrous 1993, 2000). Recent Australian studies have found that the most successful export firms, having the ability to survive international down turns, are those that have taken a “staged” approach to internationalisation (ACIL 2002). Given these findings a re-visit of stage models is warranted.

Andersen reviewed many of these stage models and identified several limitations (Andersen 1993). One fundamental difficulty was the delimitation of the stages, or measuring the degree of internationalisation of a firm. Poorly constructed measures leads to significant measurement error and the inability to establish content and construct validity. In response, Sullivan made a persuasive case for the development of a multi-item scale to measure the degree of a firm’s internationalization (Sullivan 1994). Multi-item measures are considered superior to single