IMPORTER BEHAVIOR: THE NEGLECTED COUNTERPART OF INTERNATIONAL EXCHANGE

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Abstract. International exchange is a two-sided coin, involving exporters and importers. However, a systematic search of the academic literature reveals a striking imbalance: while exporter behavior has been extensively studied, importer behavior remains a largely neglected area of study, even though importers are playing an ever more important (often dominant) role in consummating trade transactions. In this article, we assert that this neglect stems from two critical – but flawed – assumptions. The first is that exporters are the driving force behind international trade transactions, and the second is that importers follow the neoclassical economics theory of "rational choice" in international sourcing.

We offer an integrated exporter/importer decision framework, a critical review and synthesis of extant studies of importer behavior, and suggestions for future research directions. Evidence shows that much international exchange is better conceptualized as buyer-coordinated importing rather than producer-initiated exporting. Furthermore, the revealed behavior of importers is different from what can be expected of them from the rational choice paradigm, and is messier than what is commonly assumed of them in the export management literature. From a cognitive perspective, our study also suggests that there may exist a fundamental behavioral difference between domestic and IB decisionmaking.

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INTRODUCTION

The foundation of international business is international exchange (IE), which is a joint act of at least two actors in different countries [Toyne 1989]. Thus, one form of IE simultaneously involves exporters' selling decisions *and* importers' buying decisions;[1] one cannot exist without the other. Despite its manifest importance, however, the importer side of the IE equation has received little rigorous attention. Our search of the Social Science Citation Index (1991–1995) identified only 21 articles that contain the key word "importer," compared to 519 articles addressing "imports" generally. The literature on "importer behavior" is even more sparse. An examination of the twenty-five-year article index of the *Journal of International Business Studies* shows that of the 633 articles published in *JIBS* from 1970–1994, only three [Kale and Barnes 1992; Hallen 1982; White 1979] focused on the import behavior of organizational buyers. Although scholars have begun to address this gap [Liang and Stump 1996; Mummalaneni, Dubas and Chao 1996; Deng and Wortzel 1995; Liang 1995; Thorelli and Glowaka 1995], little effort has yet been made to assess the progress, integrate the findings, and propose a conceptual framework that may be useful toward organizing research in this emerging field. Consequently, our knowledge of importer behavior remains fragmented, nascent, and incomplete.

This article attempts to fill that gap. Drawing upon extensive literature in domestic studies of organizational buying behavior (OBB), we develop an integrative framework that joins exporters and importers in a dyadic exchange relationship. This framework is useful for several reasons. First, it extends current OBB literature to the international domain, raising distinct "international" factors that often differentiate importers from domestic organizational buyers. Second, it underscores the interlocking decisionmaking in IE, providing a more balanced picture of an inherently two-sided relationship. This approach permits a fruitful matching of insights from exporter behavior studies to their implications for importers, and vice versa. Third, it links importer decision outcomes to the underlying behavioral processes. As we show, this linkage is crucial in deepening our understanding of the messy tradeoffs importers make between rational and nonrational decision criteria. And finally, the framework may aid IE theory development, inasmuch as prior studies can be placed and evaluated, knowledge gaps can be diagnosed, and productive paths for future research can be identified.

The rest of this paper is organized as follows. We first briefly discuss our review approach and present the integrative IE framework. Then we outline the procedures we used to survey extant studies, together with an overall assessment of the field. Next, we apply the integrative framework to synthesize and extend insights gleaned from the comprehensive literature search on OBB, addressing, in turn, import initiation, international vendor search behavior, and international vendor choice behavior. Directions for future research are suggested.

We hasten to make two points at the outset: (a) Our orientation is different from that of import sourcing studies (e.g., Quinn and Hilmer [1994]; Kotabe and Swan [1994]). Although these studies share with us a focus on importers, their study is strategy-oriented and the approach is prescriptive, designed primarily to improve the consonance between a firm's import strategy and its competitive environment. Our study is behavior-oriented and the approach is theory-driven, designed to document and understand the behavior patterns of importers in the dyadic IE relationships. We juxtaposed the revealed behavior of importers against what has been implicitly assumed of them in the export management literature, discovering surprising discrepancies. One major value-added of this paper, then, lies not only in that it addresses a critical, yet neglected, area of IB, but also in its novel orientation. (b) Due to space constraints, we delimit the scope of this paper to the early phases of importer involvement in IE transactions, up to and including vendor choice. Important work lies ahead, in testing and refining our framework, and in extending it to include the stage of import operations management, after vendor choice has been made and IE flows have commenced.

REVIEW APPROACH AND CONCEPTUAL FRAMEWORK

Three basic approaches may be used when reviewing the state of knowledge in a field: the Delphi method, meta-analysis, and content analysis [Li and Cavusgil 1995]. The Delphi method, relying on surveys of expert opinions, is often used to identify broad trends in areas involving ill-defined problems, such as Czinkota's [1986] review of multinational trade issues. Meta-analysis, a statistical analysis of empirical studies in a given field, is typically applied in well-established fields where there is a high level of agreement across studies on both the measurement scales of variables and statistical methods, such as Peterson and Jolibert's [1995] evaluation of "country-of-origin" effects. Content analysis is a systematic approach to qualitatively and quantitatively evaluate the content of literature in an area; it is often used to assess the progress of an entire field. It is an approach with considerable flexibility. Some content analysis studies are quite comprehensive, based on detailed classification of a vast amount of studies, such as Aulakh and Kotabe's [1993] evaluation of the international marketing literature; others are more issue-centered with broadly defined schemes, designed to explore a few important questions in depth, such as Wind and Thomas' [1980] review of both academic and industry-based studies on OBB. Owing to the topic's emerging nature and its neglected status in the IB field, meta-analysis and Delphi studies are either infeasible or inappropriate, hence we chose the content analysis approach in the tradition of Wind and Thomas [1980].

We now develop a conceptual framework against which extant studies can be evaluated and integrated. The highly developed domestic OBB literature, a conceptual kin of importer behavior, provides a logical point of departure for our efforts.

Central to the three original OBB models proposed by Robinson, Faris and Wind [1967], Webster and Wind [1972], and Sheth [1973] is the notion that organizational buying behavior is a process, composed of "buyphases." These phases (or stages) represent the sequence of activities often performed in an organizational buying situation. While some early OBB models conceptualized organizational buying as simplistic task-oriented choice behavior that focused on a single criterion (such as lowest cost) or a limited set of variables (such as the best combination of price, quality and service) that determine buying outcomes, more recent literature has been dominated by complex process models, which elaborate on the underlying decision processes, intra- and interfirm behaviors related to procurement, and the impact of an array of contextual and situational factors [Jackson 1981; Wilson and Möller 1990]. This process-based view of OBB has been extensively tested and has received near-consensus support in the literature. Empirical studies conducted in the past tenty-five years have shown that, except for the smallest companies and straight rebuys of routine items, organizational buying is a multiphase, multiperson, multidepartmental, and multiobjective process [Johnston and Lewin 1996].

Given this solid theoretical grounding and empirical validation, we adapted Webster and Wind's [1972] definition of OBB to the international setting, and defined importer behavior as the decision process by which formal organizations establish the need for imported products and services, identify and evaluate alternative global suppliers, select a supplier located in another country and manage the IE relationship. Because intra-firm sourcing within a MNC is fundamentally different from the arms-length international exchange between independent firms, this study is limited to international interfirm sourcing.[2]

As noted above, the buying process typically unfolds through several conceptually distinct, but temporally overlapping, stages. Robinson et al. [1967] identified these activities as: (1) recognition of need and a general solution, (2) determination of characteristics and quantity, (3) description of characteristics and quantity, (4) source search, (5) solicitation of proposals, (6) vendor evaluation and selection, (7) choice of order routine, and (8) performance feedback and evaluation. The OBB models of Webster and Wind [1972] and Sheth [1973] used five and four stages, respectively. We adopt a four-stage model of the import decision process as shown in Table 1, to match a popular four-stage export management model, so that the interaction of the two can easily be discussed.

Briefly, the first column of Table 1 suggests that the importing process begins when organizations recognize a need to source from overseas. This need

TABLE 1
DOVETAILING IMPORT/EXPORT DECISION PROCESSES

Import Decision Process	Dyadic Exchange	Corresponding Export Decision Process[1]	Importer Behavior Questions
Organizational Buyer Sourcing Effort	**International Exchange Opportunity Creating Environment**	Organizational Seller Marketing Effort	**Need Recognition:** • Why do firms import? • What differentiates importers from non-importers, successful importers from ex-importers? • How/when is import initiated?
1. Need Recognition • Competitive pressure • Unavailability at home market =>"To source abroad"		1. Export Initiation • Seek further growth at home or export market?	
2. Vendor Search • Country consideration • Vendor consideration • Bid consideration => "Choice Set"	**Bilateral Search for Trading Partner**	2. Export Targeting • If exporting, target which market?	**Search Behavior:** • If importers cannot search the whole globe, how do they decide where to search for vendors? • How do they simplify their vendor search?
3. Vendor Choice • Finalize criteria • Evaluate options and vendors =>Select vendor & specify terms	**Mutual Choice**	3. Entry Strategy • What entry mode? • What distribution channel/partner?	**Choice Behavior:** • Decision rules: what criteria determine vendor choice? • Choice process: how is choice made, since info. is incomplete and rationality is bounded?
4. Managing import • Import strategy implementation • Performance evaluation =>Feedback & Control	**Shared Decision-Making**	4. Managing Export • Implement export marketing strategy • Performance evaluation =>Feedback & Control	**Strategy Behavior:** • What strategies do importers pursue? • When is importer's strategy compatible with that of the exporter?

[1]Source: Rosson & Reid [1987]

recognition may be sparked by a number of factors, including competitive pressures, unavailability of a focal product or service at home, dissatisfaction with the price, quality, or service levels of domestic suppliers, or chance exposure to foreign suppliers.

Following need recognition is often a "search" stage. At this stage, organizational buyers may screen the world for potential vendors, seek relevant information, and gradually narrow down the number of vendors to a "choice set," i.e., the promising few to be evaluated carefully. Buyers then proceed to the stage of "choice," where they try to balance a range of objectives, finalize the selection criteria, evaluate vendors in the choice set, select the highest ranking vendor, and negotiate the terms of the agreement. Finally, the import strategy is executed and import operations begin.

Because organizational buying is a dyadic process with significant interfirm interactions, it is necessary to examine importer behavior in the context of importer/exporter interaction. Therefore, a parallel export decision framework is presented in the third column of Table 1, where exporters go through an analogous decision process of need recognition, search, choice, and action. The two decision processes are not unrelated; rather, they are two sides of the same IE transaction. Column 2 of Table 1 highlights this interdependency between the two decision processes. For example, the flip side of an exporter's decision of whether it should pursue domestic or export markets is an organizational buyer's decision of whether it should rely on domestic vendors or import, and under what conditions and when. Similarly, the search process by which exporters screen and select their target country is concomitantly the process by which importers identify and choose their source countries and vendors. In this integrated framework, international exchange of goods and services starts with a *bilateral search*, where both exporter and importer engage in a search for suitable trading partners. The search process continues until a *mutual choice* has been found, when each party perceives the other to be both resourceful (capable of doing things right) and trustworthy (willing to do the right thing). Following this mutual choice, international exchange starts. Explicitly or implicitly, such exchange represents *joint decisions* that accommodate the objectives of both importers and exporters, although the relationship is not necessarily symmetrical.

The integrated framework calls attention to aspects of importer/exporter behaviors that are often neglected when each is examined in isolation. For example, in the need recognition stage, exporters and importers help shape each other's information environment, and the stimuli to provoke need recognition can be both internal and external. Thus, motivation to import may result from internal operational needs, such as a producer of industrial gases in Indonesia who wishes to expand and knows that needed equipment is not manufactured locally, or may be aroused by external stimuli, such as articles or advertisements in trade journals, trade fairs, foreign visits, word of mouth, and so on.[3] Such possibilities are captured by the three arrows toward the need recognition box in Table 1. Likewise, when "export targeting" and "vendor search" are examined jointly, it becomes clear that neither is conducted unilaterally by the exporter or importer in a vacuum. Rather, both exporters and importers may be actively searching for suitable partners; this makes vendor search an interactive process in real time. One often has to decide whether to accept a candidate at hand or to search further in the hope of finding a better IE partner. This raises the question of how applicable is the straightforward "screening/targeting" analysis popularized in many IB text books. Similar questions can be raised in the choice and management stages; some of the more important ones are listed in column 4 of Table 1.

The interactive nature of the import decision process suggests that although the four stages in the model are conceptually distinct, they may not occur in a strict chronological sequence. The actual process may be quite messy. If, for example, a retailer sees a unique product in a catalog that fortuitously lands on his/her desk, and decides to place a trial order with the foreign supplier on the spot, the first three stages of the importing decision process are collapsed into one.

In addition to overlapping sequence, firm behavior is likely to vary at different stages of the buying process. The basic patterns of such variations, documented in domestic OBB studies [Bunn 1993], can be arranged along the purchasing risk continuum, which is a multidimensional construct encompassing the importance and complexity of the purchasing task, environmental uncertainty, and time pressure. In general, when the risk associated with a purchasing task increases, the "buying center" (i.e., those who participate in the buying decision) becomes larger and more complex; information search becomes more active and extensive, and more alternatives are considered and evaluated more thoroughly; conflict among buying center participants increases, as does role stress, and decision rules become more formal; and interfirm (buyer-seller) relationships and communications become increasingly important and negotiation is more intense and substantial [Johnston and Lewin 1996]. Furthermore, parallel to exporter behavior study, we expect importer behavior to vary along the stages of internationalization. Initial motivations tend to be reactive, commitment incremental, and management approaches ad hoc and tentative; later in the internationalization process, importing firms may become more pro-active, more committed in attitudes, and more systematic and strategic in importing management.

SURVEY METHOD AND OVERALL FINDINGS

With the integrative framework in mind, we surveyed extant importer studies. The survey was conducted in four steps. First, all articles on importer behavior known to us were reviewed to identify "key words" as search tools. Eighteen key words/phrases were identified; they fell into three groups. The first is six words relating to various notions of "cross border" – international, overseas, foreign, offshore, multinational, and global. The second is six words/phrases concerning "procurement by companies" – organizational buying, organizational purchasing, industrial buying, industrial purchasing, importing, and sourcing. The third is six words concerning "behavior" – behavior, pattern, attitude, preference, approach, and process.

These eighteen key words generated 186 meaningful combinations, which were then used in the second step involving the ABI/Inform database. ABI/Inform is an on-line database containing more than twelve hundred business periodicals, including academic journals (e.g., *JIBS*), specialty research journals (e.g., *International Journal of Purchasing and Materials Management*), and trade journals (e.g., *Purchasing*). The ABI/Inform database used in this survey covered the period from 1986 to 1995. A total of 932 articles were identified, and their abstracts retrieved. Through this review, 175 import-decisionmaking studies were identified and collected.[4]

Because not all business periodicals are indexed in the ABI/Inform databases, and to mitigate the left-censoring effect of the cut-off dates, a third step was conducted. In step 3, the references sections of the 175 retrieved articles were reviewed to identify any relevant articles not contained in the database. An additional 21 articles were identified and collected; most of these were published before 1986, and several were from non-U.S. journals not covered in the ABI/Inform database. This process yielded a total of 196 articles.

Finally, 101 articles were excluded from the final review because they did not deal specifically with importer behavior. Eliminated articles fell into four broad categories: 1) normative frameworks or "how to" guides for purchasing managers, not empirical studies of their actual behavior; 2) "country-of-origin" stereotype study of consumers, not organizational buyers; 3) comparative studies of "foreign domestic practice," i.e., how organizational buyers in foreign countries conducted their domestic procurement;[5] and 4) studies that focused on the outcome of import decisions, such as the impact of offshore sourcing on firm profitability and innovation, not the process of import decisionmaking. Ninety-five articles entered the full review for this paper. Supporting the comprehensiveness of our search, in a recent review of all marketing papers published in 26 marketing journals, Li and Cavusgil [1995] identified 69 research articles between 1982 and 1990 and another 20 before 1981, in the combined category of international buyer behavior, which includes both international *consumer* and *organizational* buyer behavior, as well as *foreign domestic* OBB studies.

Table 2 provides an overall assessment of the field, based on three key dimensions: the import decision stages of Table 1; a categorization of conceptual, empirical, and descriptive studies; and the twelve environmental,

TABLE 2
Overall Survey Results

I. Extant studies classified by the primary topic and research approach:

	Conceptual	Empirical	Descriptive	Total	
1) The Motivation of Overseas Sourcing	3	3	13	19	20.0%
2) Vendor Search Studies	2		6	8	8.4%
3) Vendor Choice Studies:					
Studies on choice criteria	1	10	4	15	15.8%
Case Studies/Trade reports on vendor choice			5	5	5.2%
Country-of-origin stereotype of importers		12		12	12.6%
Buyer/Seller relationship formation	2	4		6	6.3%
4) Import Management Studies					
Managing Importer/Exporter relations		8	4	12	12.6%
Strategy/Structure of purchasing	1	1	5	7	7.4
Functional behavior of importing			10	10	10.5%
5) Overall Process	1			1	1.1%
Total	10(10.5%)	38(40%)	47(49.5%)	95	100%

II. Classified by principle influencing factors identified in domestic OBB studies (maximum of three focal factors per article allowed):

Buyer characteristics (firm size, experience, etc.)	15	8.2%
Group characteristics (buying center composition/dynamics)	8	4.4%
Participants characteristics (education, motivation, risk attitude, personality, etc.)	4	2.2%
Purchase characteristics (risk, buy task, product type, time pressure, importance, complexity)	9	15.8%
Seller characteristics (image, track record; price, quality, service, etc.)	10	5.5
Environmental	32	17.5
Decision rules	39	21.3%
Role stress	1	0.5%
Information characteristics (sources, message, distortion, search effort)	5	2.7%
Conflict resolution/Negotiation (cooperative, persuasive, bargaining, politicking)	3	1.6%
Interfirm network	22	12.0%
Communication	5	2.7%
Total	183	100%

organizational, individual and situational factors affecting the OBB process, developed by Johnston and Lewin [1996].

Reflecting the emerging nature of the field, Table 2 shows that almost half (49.5%) of the studies are descriptive, and the conceptual basis of importer behavior is underdeveloped (10.5%). Among the four decision stages, the least studied is vendor search behavior (8.4%), and the least studied impact factors are the buying center and its participants, information characteristics and conflict resolution approach, and role stress associated with the purchasing process.

IMPORT INITIATION: WHY, WHO AND HOW

As the last column of Table 1 suggests, from an exporter's perspective, three important issues concerning importers are import motivations, importer profile and import initiation; or, respectively, why firms import, the attributes of importing firms, and the events triggering import activity. We treat each question in turn.

Import Motivations

The question of why firms import can be informed by the domestic OBB literature, which identifies two broad types of purchasing motivations: task-related and non-task-related [Webster and Wind 1972]. The former refers to purchasing driven by organizational needs, where motivations are typically more rational than in consumer purchasing. Such task-related motivations deal directly with the product being purchased, including cost reduction, quality improvement, etc. Non-task-related motivations arise from the fact that corporate buyers remain human in their jobs [Dichter 1973], and that economic goals may be pursued alongside noneconomic ones [Granovetter 1992], thus leading to reciprocal purchasing, purchasing for pet projects or for ego enhancement, and so on.

Task-related factors have dominated extant import motivations studies, with several authors [Swamidass 1993; Monczka and Giunipero 1984; Arnold 1989] tracing a natural evolution of the procurement function through four stages: (1) domestic sourcing; (2) cost-minimizing foreign sourcing based on competitive pressure; (3) foreign sourcing as part of overall sourcing strategy; and (4) coordinated global sourcing for strategic advantage. Thus, firms may initially be motivated to import simply to meet a cost savings plan. Here, purchasing is essentially a clerical function, with little coordination among worldwide business units. The motivations underlying global sourcing are more strategic, proactive and long-term, where competitive advantage is sought by integrating the procurement function with a firm's global strategy. Typical of such import motivations are access to advanced technology, worldwide quality improvement, or sales volume expansion through barter and countertrade [Hanafee 1984], enhanced competitive posture in key markets [Ohmae 1982], and as a safeguard against currency risks [McConville 1985]. For instance, Snyder and Mapleston [1994] found that Japanese firms imported the lower end of their product line from China, so they could free up production capacity for more sophisticated and higher-margin products.

Of six survey studies evaluating import motivations of US-based firms, lower cost was rated the most important factor in four studies [Scully and Fawcett 1994; Birou and Fawcett 1993; Dowst 1987; Monczka and Giunipero 1984], and rated second or third in the others [Frear, Metcalf and Alguire 1992; Galle 1991]. Four of these studies reported lack of domestic availability as the third-most common reason for importing, while one study [Frear et al. 1992] found enhanced competitive position as the most important factor.

Non-task-related motivations may also play a role in importing decisions. For example, Jackson [1981] reported that many U.K.-based Israeli importers began importing because of their desire "to help Israel," and Leonidou [1988] noted a similar motivation for Cypriot importers. Internal company politics may sometimes influence imports. Pearson and Forker [1995] found that countertrade importing was positively correlated with the status of purchasing departments. This is because marketing departments generally view countertrade as burdensome, acquiescing to such arrangements only when the relative status of purchasing within a firm is high. However, available evidence on such non-task-related import motivations is scant, and hence their implications for export strategy are generally ignored.

Importer Profile

We now shift from "why" to "who." What characteristics distinguish importers from non-importers, and successful importers from less successful ones or ex-importers? Such profile studies can help guide exporters to search for potential importers, to select successful importers, and to avoid those who are likely to become ex-importers.

Because few studies have been designed specifically to investigate importer profiles, we followed the lead of exporter profile studies, and examined the literature on importers along three key dimensions: firm characteristics, such as size and age [Calof 1994]; managerial characteristics, such as perception and commitment (e.g., Axinn [1988]); and product characteristics, such as innovativeness and system compatibility (e.g., McGuinness and Little [1981]).

Firm size appears to have a major impact on the propensity to import. On average, large firms are more likely to import, with a higher import intensity than small firms. The percentage of U.S. firms that are engaged in overseas sourcing ranges from 33% for firms with sales under $1 million to 65% for firms with sales over $100 million [Carter and Narasimhan 1990]. Import intensity, the percent age of total purchases accounted for by overseas sourcing, is 5% for small firms (less than 500 employees), 8% for medium-sized firms (500 to 5000 employees) and 17% for large firms (over 5000 employees) [Birou and Fawcett 1993]. Small firms on average had less experience (8.8 years) in international sourcing than large firms (16.1 years), were more limited in geographical coverage, sourced fewer items, and relied on less sophisticated planning approaches [Scully and Fawcett 1994].

Along the dimension of managerial characteristics, Trent and Monczka's [1994] study of 107 sourcing teams in eighteen U.S.-based corporations identified availability of organizational resources, participation of suppliers, and higher level of sourcing team decision authority as the key characteristics of successful importers. Successful importers tended to be better organized, with specialized purchasing department and/or international purchasing offices, and were better staffed [Yavas, Luqmani and Quraeshi 1989]; they installed their own representatives in the sourcing country, and relied more on written (fax/telex) as compared to verbal (phone) communication to reduce misunderstanding [Jackson 1981]. Successful importers also tended to act "tough" toward their export suppliers, insisting on meeting world class standards and not being afraid of taking decisive actions to drop unqualified exporters [Jackson 1981]. On the other hand, lack of top management support and strategic direction were found to be major internal barriers to successful importing [Frear, Alguire and Metcalf 1995; Ellram 1991].

Product characteristics may be another factor in determining the propensity of importing. Frear et al. [1995] found that firms with stable design, long production runs, and large volume were more likely to import, while firms with rapid design change, short production runs, and low volume were more likely to rely on domestic vendors.

Finally, importers may also be grouped into categories based on their diverse roles in IE: pure importers or import brokers, trading companies, merchants/resellers, and importer/producers who import for their own operational needs [Carter and Narasimhan 1990; Monczka and Trent 1992]. Although it is known that trade intermediaries play a larger role in IE than in domestic exchange [Katsikeas and Piercy 1992], the behavior of various trade intermediaries has not been extensively studied. The majority of the importer behavior studies focused on importer/producers.

Import Initiation

Import motivation studies usually emphasize the *benefit* of global sourcing to importing organizations, whereas import initiation studies tend to highlight *dissatisfaction* with domestic sources by purchasing managers. This apparent contradiction can be explained by distinguishing among motivations, trigger events and actions [Boddewyn 1985]. Often a trigger event (such as a competitor's move) is necessary before latent motivation leads to actual import initiation.

Unlike its IE counterpart, where many firms are enticed into exporting by unsolicited export orders [Leonidou 1995; Liang 1995], import initiation is typically a defensive move [Monczka and Trent 1991], a final recourse. Purchasing managers often prefer to buy from sellers in their own culture [Hallen 1982; Howard and White 1987], because of the greater ease with which buyers can understand and predict the behavior of sellers with whom relationships must be established [Niffernegger, White and Marmet 1982].

Many purchasing executives reportedly "take no joy" from buying overseas; they start overseas sourcing only if they expect to achieve dramatic and immediate improvement in cost reduction, quality improvement, access to technology, and delivery improvement [Dowst 1987]. Purchasers are often forced into importing by competitive pressure when their current suppliers can no longer meet company requirements, or when a buyer simply cannot find a domestic source that is cost competitive [Cayer 1988b].

Despite the strong benefits potentially conferred by global sourcing, why do many firms exhibit such reluctance to initiate imports? Why should the trigger event be of a different nature in export initiation (pursuing opportunity) than in import initiation (avoiding threat)? Two theories provide possible explanations: the theory of innovation diffusion and "source loyalty." Innovation diffusion literature suggests that it usually takes an entrepreneur to adopt an innovation [Wilson 1987]. Although both export and import initiation can be considered as innovations, the entrepreneurial propensity of marketing and purchasing executives tends to differ. Morris and Calantone [1991] found that marketing managers were rated highest in entrepreneurship, while purchasing managers were rated next to last (only the personnel managers rated lower). Thus, import initiation may be perceived as more difficult than export initiation, and the purchasing managers are slower to pursue international opportunities than their marketing counterparts.

A second clue might lie in the OBB literature on source loyalty [Wind 1970]. Organizational buyers in general favor existing suppliers, especially when their performance is satisfactory. Buyers may persist with existing sources with little knowledge or evaluation of the wider supply markets available to them [Ford 1984]. This tendency is attributable both to the uncertainty and high switching cost for buying organizations, and to personal preferences of purchasing managers. As boundary-spanning personnel, organizational buyers and industrial sellers often know each other, and purchasing managers derive their influence from both formal and informal systems [Ronchetto, Hutt and Reingen 1989]. Business relationships spill over into social relationships, and purchasing managers value the relationships they have developed with current suppliers. Domestic OBB studies illustrate that it "takes some kind of shock to jolt organizational buying out of a pattern of placing repeat orders with a favored supplier" [Webster and Wind 1972: 15]. The impetus to search for potential new suppliers is often the result of a particular episode in the existing supply relationship; sometimes it is a major price increase by a current supplier [Ford 1984], sometimes it is a mistreated and upset buyer determined "to get his revenge" [Cunningham and White 1973]. Evidence suggests that the same may be true in international sourcing. Bamgboye [1992] found that a larger percentage of Nigerian firms started a vendor search because of "dissatisfaction with the existing supplier" (50% of the sample) rather than "improved benefits/services from alternative suppliers" (22%). In domestic markets, new vendors will not be added to a vendor list unless their price is at least 10% lower than an existing supplier [Vyas and Woodside 1984]. It is reasonable to expect that the initial "shock" needed for importing may be even greater. However, once the learning process begins, and as perceived risks associated with importation decline, purchasers gradually see more benefits in cost, quality, technology, and other competitive advantages; overseas sourcing then becomes a strategy to be actively pursued [Monczka and Trent 1991].

This import motivation to trigger event to import initiation chain implies that exporters should formulate different strategies for would-be importers versus for established importers. Export strategy should emphasize risk minimization to new importers, and strategic benefits to established importers. A second implication is in export market targeting. It is generally believed that growing markets are easier for exporters to enter. However, the reverse may also be true in certain cases. If organizational inertia exists and buyers are indeed loyal to their existing home suppliers and will switch only when under competitive pressure, then countries in recession might offer attractive timing for export entry. In times of recession, threat to survival is the greatest and organizational buyers might be least resistant to change, i.e., more willing to explore foreign suppliers. Further, in a stagnant or recessionary market, it is easier for a firm to improve profitability by cost reduction rather than by sales growth: for a product with 50% material cost and a 5% before tax profit, the profit impact of a 3% cost reduction is equivalent to a 30% sales growth [Busch 1988]. Clearly, a deeper understanding of importer motivations and trigger events can have a telling effect on export performance.

INTERNATIONAL VENDOR SEARCH BEHAVIOR

As noted (Table 2), vendor search is the least studied aspect of importer behavior. Only two conceptual studies focused on this phase of the import decision [Liang and Stump 1996; Liang 1995], with some observations made in several others. Intriguing questions remain unanswered.

According to the domestic OBB literature, search behavior is a function of the risk associated with a purchase situation. Buyers attempt to minimize risks by engaging in information search; the riskier the perceived task, the more extensive and rigorous the search. For a new purchasing task, where a buyer is relatively inexperienced and the perceived risk high, the buyer may search extensively for information and consider more alternatives in order to make a better choice; for a routine rebuy, where the perceived risk is low, little or no search activity takes place. This risk to search relationship is one essential finding validated by twenty-five years of empirical research [Johnston and Lewin 1996]. According to this model, importers should exhibit more extensive information-seeking behavior with greater intensity, since international procurement is a more complex task with greater uncertainty.

Yet available evidence suggests the opposite. Several studies show that importers' search efforts fall far below what might be expected. For example, Reichel [1988] found that Swedish foodstuff importers paid little attention to country-level variables to systematically screen potential vendor countries, except when there was some kind of political unrest. Although the sample firms imported from many countries of the world, any specific product was almost always imported from a single region even though the product was available for similar terms elsewhere in the world. Often the favored search approach is simply to call and rely upon a known contact for a recommendation [Liang and Stump 1996]; objective information available in government sources is largely ignored [Min and Galle 1991].

In addition, importers' vendor search behavior is frequently ad hoc [Liang 1995]. Jackson [1981] described a case where a supply relationship between a British importer of giftware and its Israeli exporter started "by sheer chance." Occasionally, even multimillion dollar contracts may result from accidental encounters. For example, one major American architectural firm landed a design contract in China when its CEO bumped into a Singapore real estate developer at breakfast in a five-star hotel in Beijing [Higgs 1993].

No hard data are available as to how typical such ad hoc search behavior is. However, studies on export stimuli have consistently shown a high incidence of importers sending unsolicited export orders (UEOs) to passive exporters who would not otherwise have exported. In the twenty export stimuli studies reviewed in Leonidou [1995], UEOs from importers were found to be the single-most important export stimulus, irrespective of the time period of the research, geographic location, or sector of the samples. Since exporters relying on UEOs have inferior export performance and are more likely to become ex-exporters [Chetty and Hamilton 1993], sending UEOs to passive exporters thus indicates an ad hoc search and suboptimal vendor choice on the importer's side. Why does the OBB search model, so well supported in domestic studies, fail to predict organizational buyers' search behavior in the international setting? Put differently, is there a distinct "international" factor that differentiates international vendor search from a domestic one?

The domestic risk to search model is derived from the "rational choice" (RC) framework of the neoclassical economics theory of firms, where firms maximize profit (or some other utility function) net of information cost. Organizational buyers will keep searching for information up to the point where the expected marginal benefit of an improved vendor choice is equal to the expected marginal cost of additional information [Ratchford 1982]. Although this framework appears to work well in the domestic organizational buying studies, its application to the international setting is questionable because it ignores the limits of human rationality [Simon 1978]. Although the RC model is a step forward from the classic economics which assumes perfect rationality and free information by acknowledging the limits and cost of information, such limits are acknowledged "not as psychological characteristics of the decision maker, but as part of his technological environment" [Simon 1978: 485]. In the RC framework, search effort is a function of only two variables: expected search benefits and information cost [Stigler 1961], regardless of whether or not the requisite search effort exceeds the bound of human rationality. While people generally are rational and may strive to make the best decisions, their cognitive capacity is finite and can be easily overwhelmed. The limits on human rationality are imposed by not just by the cost of information, but also by the incompleteness of human knowledge, the inconsistency of human preference and belief, and the inadequacy of the computations humans can carry out, even with the aid of the most powerful computers [Simon and Associates 1992]. The RC model [Simon 1978] just "poured the search theory back into the old bottle of classical utility maximization, the cost of search being equated with its marginal return" (p.484). "Hence the new theory does nothing to alleviate the computational complexities facing the decision makers" (p.485).

Liang and Stump [1996] suggested that a more appropriate framework to understand international vendor search behavior might be the "bounded rationality" and "satisficing" in the behavioral theory of firms [Simon 1978; Cyert and March 1963]. Humans' cognitive processes are not invariant to task requirement. Cognitive psychology studies show that a significant increase in task complexity and environmental uncertainty will result in changes in the underlying cognitive processes used by decisionmakers [Payne 1985]. When faced with more complex decision tasks, people tend to simplify problem formulation [Kahneman and Tversky 1982], shift from compensatory to noncompensatory information processing [Tversky 1972; Montgomery 1989], make less-risky choices under time pressure [Svenson and Edland 1989], and select an option that maximizes the likelihood of obtaining a "satisficing" solution [March and Shapira 1992].[6] In short, where an important decision is within the bound of rationality, people optimize; beyond the bound, they satisfice.

Consequently, organizational buyers might follow fundamentally different search approaches in domestic versus international vendor decisions, because international vendor decisions are more likely to exceed the bound of human rationality.[7] Domestic vendor selection is more often a "choice" situation, where the task is to choose among known alternatives, and the information processing load is more likely to be within the cognitive capacity of purchasing managers. As the perceived risk of a purchasing decision increases, buyers will systematically increase their information-seeking effort, screening more vendors and evaluating them more carefully in a compensatory approach to balance a range of criteria, leading to the selection of the best overall vendor. International vendor selection, on the other hand, often is a "search" situation, where the information processing load has a higher probability of exceeding the bound of human rationality. Systematic vendor search on a global scale is often impossible or prohibitively expensive and cognitively overwhelming. Buyers are more likely to adopt a cognitively less demanding, noncompensatory approach by taking short-cuts in their search and evaluation effort.

Further exacerbating the situation is the bilateral nature of IE. In the traditional rational choice framework, everything outside the firm is lumped into a black box called the "environment." Export targeting and vendor search are assumed to be conducted in a faceless world market that is "out there," passively waiting to be screened [Ford 1984]. In our integrated IE framework, however, importers and exporters form a decisive part of each other's environment; both may engage in active search of trading partners. One party's information-seeking is simultaneously information-giving to the other [Krikelas 1983], and much of the most valuable vendor/buyer information is "perishable" [Granovetter 1974]. Not all vendors are known or available at the same time. The screening and identification of suitable international suppliers is often achieved not so much by simultaneous evaluation of all potential trading partners, but by selectively responding to a particular proposal amid a constant flood of inquiries and referrals.

Because of the cognitive constraints of buyers and the bilateral nature of the IE process, therefore, importers may adopt a "satisficing" approach, in which the primary problem is not balancing options but finding out what they are [Geertz 1978], not choice but search. Alternatives are evaluated sequentially, and the search is terminated once a "good enough," satisficing vendor is found. The challenge is "finding people on the other side of the market whom you like, who also like you" [Sondak and Bazerman 1989] and the central question is whether to search further or terminate the search and accept the solution found [March and Shapira 1992].

This sequential and partial nature of vendor search implies that many qualified vendors, including potentially the best one, may never enter into an importer's choice set or short list of vendor candidates. This effectively makes the international vendor search a "first come, first served" process, which provides a potential explanation of the "ad hoc" search approach noted earlier. The implication is that successful export targeting requires an understanding of importers' search paths (for example, how many countries importers search, and where they start). Not only do exporters have to reach the right importers, but they also have to reach them at the right time at the right place, such as at international trade shows [Vanderleest 1994] or during international trade missions [Seringhaus 1987].

We note here that although the logic of "bounded rationality" and "satisficing" is universal, some qualifications may be in order. Large, experienced multinational corporations possessing global scanning capabilities and information networks may adopt a somewhat more systematic vendor search approach than smaller and/or less experienced importers, which lack these assets and may have to rely more heavily on heuristics. Since recent data show that small- and medium-sized U.S. firms have a growing role in international trade [Rose and Quintanilla 1996], it would be worthwhile to test empirically the proposition that "The greater an importing organization's size and foreign experience, the less encumbered it will be by cognitive capacity constraints, and the more its vendor search behavior will parallel the rational approach described in domestic OBB literature." The next step of our import decision process framework (Table 1) is vendor choice, to which we now turn.

INTERNATIONAL VENDOR CHOICE BEHAVIOR

Vendor choice behavior is differentiated into three levels of decisionmaking in the domestic OBB literature: the individual manager, intra-departmental within a buyer firm, and interfirm between buyer and seller firms. Extending this scheme to the international setting reveals glaring gaps: of the thirty-eight existing studies of importers' vendor choice (Table 2), none addressed intra-departmental decision processes, including crucial questions regarding buying center composition (who participates in the buying decision) and group dynamics (how center members reach decisions). The assumption implicit in these studies may be that the individual purchasing manager is the sole decisionmaker, an assumption refuted by domestic OBB studies.

Below, we present the core arguments and key findings of the thirty-eight international vendor choice studies, synthesize extant work, and attempt an extension. For expositional purposes, we divide these studies into five categories: conceptual models, surveys of choice criteria, field and case studies, surveys of country-of-origin stereotypes, and interactive buyer/seller relationship studies.

Conceptual Models

Hakansson and Wootz [1975] suggested that (1) vendor choice is made along two dimensions: vendor characteristics (such as location and size) and bid characteristics (including both product and service-related factors), and (2) the weight given to vendor- and bid-related factors is influenced by perceived risks. Buyers give more weight to vendor characteristics in high uncertainty situations, and to bid characteristics in low uncertainty situations. Because the international setting is generally perceived as riskier than the domestic one, organizational buyers might place a heavier weight on vendor-related characteristics when sourcing overseas. Empirical tests of this model showed that vendor location (in relation to the buyer) was the most important criterion in high uncertainty situations, bid price was the most important in low uncertainty situations, and larger vendor firm size was always preferred except for specialty items.

Hakansson and Wootz [1975] did not elaborate as to why buyers would sacrifice the best bid, in terms of task-related criteria, for larger vendor size and closer vendor location, or why vendor characteristics would weigh more heavily in international settings. Consistent with earlier discussion, we posit that it is because of the high uncertainty in international sourcing, real and perceived, and the tendency for decisionmakers to "satisfice" under uncertainty. Buyers have greater opportunity to pursue the best bid in domestic settings, but are more likely to choose a vendor that minimizes supply failure in the riskier international setting. Carter and Narasimhan [1990] further observed that in domestic sourcing, buyers had legal recourse against a supplier who failed to honor contractual agreements, but the same recourse might not exist or be too burdensome to use when dealing with foreign suppliers. Consequently, preference was given to larger and nearby vendors, who were generally perceived as less risky.

Satisficing implies simplifying problem formulation, "even leaving out much or most of what is potentially relevant" [Simon and Associates 1992]. A key question for researchers and exporters then becomes, how do importers decide what information to consider and what to leave out? In practical terms, how is importers' choice set or "short-list" developed? Building on the literature in cognitive psychology, Liang and Stump [1996] modeled the cognitive processes underlying such truncated decisionmaking. Instead of collecting information according to its marginal returns and costs, importers may follow the "availability heuristic," that is, rely on information that is easily recalled and readily accessible, such as vendor reputation, country-of-origin stereotype, and word-of-mouth recommendation from personal information sources. Rather than evaluating a vendor by rigorous analyses, importers may follow a "representative heuristic," by which vendors are judged according to whether they match the appearance of a representative good vendor, and/or a "simulation heuristic," where importers judge the reliability of a vendor by how easy it is to imagine (simulate) scenarios of working together comfortably with that vendor.

Survey Studies of Choice Criteria

Survey studies relying on structured questionnaires have dealt primarily with one issue: what were the decision criteria and their relative weights in the vendor choice decision?[8] Table 3 summarizes the major studies, including the sample, methodology and key findings of each.

Recall that import motivation studies cited lower price as the most important *benefit* of overseas sourcing, yet none of these survey studies ranked price as the most important criterion for vendor selection, a counterintuitive finding we shall address shortly.

Field and Case Studies

Field and case studies employing the natural observation method provide

TABLE 3
Summary of Major Import Decision Variable Ranking Studies

Author(s)	Sample	Method	Variables and Ranking
Mummalaneni et al.[1996]	47 Chinese purchase managers from a convenient sample.	Questionnaire plus interview; conjoint analysis.	Quality (1st); On-time delivery (2nd); Responsiveness to customer needs (3rd); Price/cost (4th); Relationship with vendor (5th).
Birou & Fawcett [1993]	149 U.S. purchasing managers.	Mail survey.	Quality (1st); Availability (2nd); Price (3rd); Delivery dependability (4th); Service (5th);
Ghymn et al. [1993]	52 import managers in Thailand; convenient sample.	Structured personal interview.	Product quality (1st); Price (2nd); Timely delivery (3rd); Product demand at home (4th); Packaging (5th). Also grouped variables into three categories: product-oriented (1st); service-oriented (2nd); government regulation (3rd).
Ghymn & Jacobs [1993]	48 Japanese import managers from a convenient sample of 2000.	Mail survey.	Product quality (1st); Timely delivery (2nd); Price (3rd); Vendor dependability (4th); Product safety (5th). Vendor dependability, delivery and quality control are most important problems facing Japanese import managers.
Spekman [1991]	163 purchasing managers of US National Association of Purchasing Mgmt.	Mail survey.	Dependable delivery (1st); Quality control (2nd); Responsiveness to buyer's problems (3rd); Product durability (4th); Competitive price (5th).
Leonidou [1988]	21 British importers of Cypriot product.	Semistructured personal interview.	Good value for money (1st); Reliable delivery/Long-term supply (2nd); Product quality (3rd); Ordering/Shipping procedures (4th); High margin for the importer (5th).
Cavusgil & Yavas [1987]	54 importing distributors in Saudi Arabia.	Personal interview; factor analysis.	Suitability to local market (1st); Supplier benefits (2nd), such as timely delivery, warranty, after-sale service; price (3rd); Commercial risk in marketing the prospective supplier's product (4th); Expatriate appeal (5th).
Ghymn [1983]	198 managers of import/export firms in California & Nevada, US.	Mail survey.	Timely delivery (1st); Price (2nd); Dependability of L-T supply (3rd); Transportation cost (4th); ordering/Shipping procedures (5th). Overall, service-oriented variables rank higher than product-oriented variables; Non-price (e.g., brand) variables more important when sourcing from industrial countries; low price more important when sourcing from developing countries.

interesting insights into importers' vendor choice decisions. While the survey studies focused primarily on bid-related criteria such as price, quality and service, case study findings tend to highlight the importance of vendor-related factors. There appears to be a minimum size required of exporters. Carter and Narasimhan [1990] found one importer that used $10 million in sales and 100 employees as the cutoff size, reasoning that exporters with smaller size may not be able to hold inventory and/or provide the needed supplier credit. Cayer [1989] reported six vendor choice criteria: personnel, financial condition, production capability, quality control, material control, and technical support; all are vendor-related, not bid-related. Thorelli and Glowacka [1995] reported that whether a vendor had a U.S. warehouse or sales office was an important determinant of American managers' willingness to import. "Previous association" was used as a major screening criterion in multinational firms [Caddick and Dale 1987], highlighting the importance of personal connections in vendor selection.

One major criterion for exporter selection is international logistics. This is particularly true for importers/producers who combine global sourcing with a just-in-time (JIT) production system; they consider logistics as the most challenging aspect of overseas sourcing and delivery delay as their number one problem [Frear et al. 1992; Monczka and Giunipero 1984]. As one executive succinctly stated, "combine distant sources on one end, a lively market on the other, and the reduction of safety stocks in between, and the challenge for global sourcing becomes quite clear" [Bradley 1989]. Consequently, importers may restrict their sourcing to areas where adequate communication and transportation systems exist [Fawcett and Birou 1992], and select vendors that have good relationships with distribution channels [Reichel 1988]. The choice of a vendor is often a choice of a network.

Most decision factors emphasized in field and case studies are vendor-related, and cannot be manipulated by exporters as readily as marketing mix variables. The implication is that export strategies need to be formulated on a much broader basis than the marketing 4 P's (product, price, promotion, and place) that are typically discussed in the marketing literature (e.g., Cavusgil and Zhou [1994]; Chetty and Hamilton [1993]).

Country-of-Origin Stereotype Studies

One environmental factor that affects importers' vendor choice is country-of-origin (COO) effects. Although the early COO studies focused primarily on consumers' perception of *foreign products*, later studies have identified similar stereotyping effect on organizational buyers' perception of *foreign producers*. Such stereotyping of foreign producers and vendors implies that exporters must meet not only the product requirement, but also the behavioral expectations of the importers; failure to do so has ruined many supply

TABLE 4
Summary of Findings of Select Country-of-Origin Studies of Organizational Buyers

Author(s)	Samples	Method	Findings
Thorelli & Glowacka [1995]	Random sample; 168 US NAPM members. Focused on "modified rebuy" decisions of components.	Mail survey with pilot test. Hypotheses testing with statistical analysis.	Buyers found to simplify decisionmaking by using category-based information processing approach. Willingness to buy components from a foreign vendor is related to the vendor's country image (+), possession of U.S. warehouses or sales offices (+), buyers' experience of international sourcing (+), and perceived interest of top management (+).
Ghymn & Jacobs [1993]	Convenient sample/48 Japanese managers.	Mail survey. Descriptive statistics.	Japanese import managers rated product quality as the most important; U.S. managers rated delivery time No. 1.
Kraft and Chung [1991]	190 managers of large importing firms in Korea.	Mail survey. Statistical analysis.	Japanese exporters rated more favorably than their US counterparts across three product categories (raw and finished materials, equipment) and four exporter characteristics (reputation, negotiation style, customer orientation, cultural awareness).
Howard & White [1987]	80 U.S. purchasing agents in the chemical industry.	Telephone interview. Descriptive statistics.	80% respondents expressed preference for "buy American"; but this bias showed little actual effect on their vendor choice. Most would not use U.S. suppliers if prices were higher or quality was lower.
Khanna [1986]	93 CEOs in Japan, Thailand, Singapore, Philippines; 140 Indian export managers.	Personally administered questionnaires. Developed an export image index of the five countries.	Negative country image was detrimental to export success, but mainly in dealing with "new" clients, not with old clients. Japan had the highest positive image and was named as first choice by 95.7% respondents. Taiwanese and Korean firms rated 2nd and 3rd; Indian exporters viewed "mildly negative."
Keown [1985]	28 importers from five Asian countries.	Personal interviews.	American firms perceived to apply "selling" concept, short-term planning, little support to Asian agents. Japanese and European exporters reported using "marketing" concept, long-term planning, substantial support for agents.
White [1979]	213 managers from the U.S. NAPM.	Mail survey.	"Country image" may reflect actual experience, not mere stereotype. Country stereotype found to exist. Raised the questions that own-country perception of exporters may be false. German products were perceived significantly better than that of U.S., contrary to common perception in U.S.

relationships [Pfeiffer 1988]. In Table 4, we summarize the findings of major COO studies of organizational buyers.

Interactive Relationship Studies

Most vendor choice studies frame the selection of an overseas vendor as an importer making a unilateral choice of desired vendors, in an autonomous, faceless world market and, hence, focusing on the study of a single, discrete vendor choice decision. Relationship studies, on the other hand, conceptualize the research question as the formation of an overseas supplier relationship. Vendor choice is viewed as an interactive social exchange process over a lengthy time period when the parties gradually demonstrate their trustworthiness to each other and commit themselves to the relationship [Blau 1968]. These interactive studies emphasize (1) the importance of the relationship, rather than a particular transaction, (2) the robustness of the relationship, where buyers and sellers know each other well and would work out problems rather than "play the market," and (3) the interactive nature of the relationship where either party could take a more active role [Hallen 1987; Ford 1984b].

Empirical studies using the relationship perspective provide support for the notion that vendor selection is a "mutual choice" between two IE partners (Table 1). In a mutual choice situation, the choice criteria are largely relationship-based, and the evaluation process is experiential; partners go through a period of "dating" where compatibility can be probed. Buyers do not merely make purchases, they establish relationships. One critical consideration for vendor choice is a buyer's previous experience with the supplier. In the fifty-one vendor choice cases studied by Cunningham and White [1973], the vast majority went to vendors who had previous experience with the buyers; when new vendors were chosen, it was typically in a situation where urgency of delivery overrode the risk of buying from a new supplier.

Not all overseas sourcing is conducted in the relationship framework, nor are all relationships the same. Larger buyers were found to prefer a looser relationship to retain vendor choice freedom, while smaller buyers were more eager to form closer relationships with the vendor [Cunningham 1980].

Synthesis and Extension of Vendor Choice Behavior Studies

Each of the above group of studies sheds important light on importers' vendor choice decisions. Taken as whole, however, they fail to provide a coherent picture. In addition to the lack of intra-departmental decisionmaking studies noted earlier, a major limitation of extant vendor choice studies is that they focus almost exclusively on the decision criteria that affect the vendor choice outcome, while generally ignoring the process of choice-making, which is also crucial. The cognitive processes underlying the vendor choice decision are seldom made explicit in these studies: how do importers apply the criteria to arrive at a final choice? For example, how are the twenty or so task-related criteria identified in the survey studies balanced against important non-task-related criteria identified in other studies, such as personal chemistry, "country of origin" stereotypes, and ongoing obligations and relationships between buyers and sellers?

As mentioned earlier, implicit in many of the vendor choice studies is the assumption that importers follow the RC framework in the neoclassical theory of firms, where the best decision is made by balancing the marginal benefit of an improved decision against the marginal cost of additional information and where all information with a net decision value is taken into consideration. Importers are further assumed to analyze the collected information in a compensatory approach, where decisionmakers define relevant performance criteria (e.g., price, quality, delivery), and rate alternatives (i.e., each vendor in the choice set) along each and every criterion (each criterion may be assigned a weight in the weighted model), using a scoring system of one sort or another, such as a five-point scale, to develop a comprehensive rank-ordering of all alternatives in the choice set [Bettman 1979]. In this compensatory or "trade-off" approach, a vendor's weakness in one attribute (such as price) is thus weighted against its strengths in others (such as quality and service), leading to a selection of highest ranking, best overall vendor.

However, importers may not be able to follow such a comprehensive approach, since it makes enormous demands on information and information processing, and ignores the cognitive constraints of humans. Over twenty criteria have been identified in survey studies; evaluating all potential vendors in the choice set against these twenty-plus criteria may be simply overwhelming. Given bounded rationality of managers and the complexity and uncertainty involved in overseas sourcing, it is unlikely that importers would follow such a comprehensive approach. Documented evidence has shown that buyers are often unable to rank and compare alternatives, even when they fill in questionnaires as if they can [O'shaugnessy 1992]. This is not because organizational buyers are indifferent to alternative vendors. It may just be that the information processing load stretches beyond their capacity, so there can only be an incomplete ordering of preferences and no vendor can be called an optimum choice. There may simply be too many unknowns for importers to assign weights to decision criteria *confidently* and to rank order vendors *objectively*.

People tend to adopt simpler choice approaches in complex and uncertain decision situations [Borcherding, Brehmer, Vlek, and Wagenaar 1984]. Given the complexity and uncertainty of overseas sourcing, managers may forgo the cognitively overwhelming compensatory process, and adopt less taxing, noncompensatory approaches [Payne, Bettman and Johnson 1988]. We suggest two potential models here.

One such model is "elimination by aspect" (EBA) [Tversky 1972]. In the EBA model, a decision situation involves a number of alternatives (e.g., vendors) which could be described by subjectively defined dimensions or attributes (e.g., price and country of origin). The value of each attribute is referred to as an aspect (e.g., a certain level of price or certain type or image of country). Decision is made by a process of successive elimination of alternatives. The most important or salient attribute is first chosen and a cut-off value (aspect) is determined for the attribute. Alternatives that do not satisfy this cut-off value are eliminated from further consideration. EBA may provide a powerful lens in understanding vendor choice behavior of importers.

For example, importers may first decide to eliminate all vendors from countries that either have political unrest or a negative country-of-origin image, and then eliminate all vendors whose prices are judged to be too high, then, eliminate all vendors deemed financially unstable, and so on. These judgements may be made either on objective information or on subjective perceptions of importers. The EBA process continues until there is only one alternative left. In this noncompensatory approach, high quality cannot make up for delivery delays, and an excellent supplier in an undesirable country will not be considered. The implication is that a winning export proposal cannot afford to have any significant negative "aspects." What is important is not just the ranking of vendor choice criteria, but also their respective cut-off values. For example, what is the cut off value of the price dimension? How high a price will cause a vendor to be eliminated? In a domestic OBB study, Vyas and Woodside [1984] reported that a 3% price premium over the lowest bid was the upper bound, above which a bid would not be considered. Because of the longer logistics and higher transportation cost involved, the upper bound in international sourcing might be higher. Caddick and Dale [1987] found that an attempt for a 15% price increase by a current supplier triggered a search, and subsequently, vendor switch, on the importer's side. Knowing such critical cut-off parameters can help exporters develop winning bids, a fact that underscores the dyadic nature of international exchange and hence the importance of understanding importer behavior.

Another possible cognitive model is a combined noncompensatory and compensatory process. Buyers faced with a large choice set may first use an EBA process to reduce the options to a smaller set (say, two or three vendors) and then shift to a compensatory approach [Payne 1976; Johnson and Payne 1985]. The combined approach has two advantages: (a) it increases the accuracy of the choice, while (b) maintaining relatively low cognitive effort. The implication is that there are two kinds of decision criteria. "Screening" criteria are used to reject unacceptable alternatives, and "selection" criteria are used to accept a promising choice. All decision criteria are eventually utilized, but in a hierarchical way. In a field study of four types of machine tools imported into the U.K., Cunningham and White [1973] found that high price was the number one factor leading to rejection by U.K. buyers, but a competitive price was only the third factor leading to acceptance. Similarly, Lillie and Sparks [1992] found that while vendors might be rejected on a price basis, price was not the primary criterion for them to be selected. Instead, final vendor choice was made on the bases of "ease to use" and "a good image." This provides an answer to the puzzle noted earlier, i.e., importers who see lower price as the most important benefit nonetheless use non-price criteria to select vendors.

Indeed, we assert that this is the theoretical linkage between the rational, task-related criteria emphasized in survey studies, and the nonrational, non-task-related criteria emphasized in case and stereotype studies. The industrial marketing literature has documented that personal, non-task-related factors play a role in vendor choice decisions, such as the motive (or obligation) to favor a friend as well as the fear of displeasing the boss, of making a wrong decision and losing status, and in extreme cases, of losing one's job [Lazo 1960; Dichter 1973]. The combined compensatory and noncompensatory model suggests a way to bring these otherwise assumed-away, non-task-related factors back into the study of overseas vendor choice decisions. Thus, an importer might first use task-related criteria to eliminate unqualified vendors, and then, from the pool of qualified vendors, select a final vendor using non-task-related criteria, such as the motivation to help the homeland [Jackson 1981], personal chemistry [DiMaggio 1992], compatibility of personality traits [Kale and Barnes 1992], or desire to satisfy the perceived interest of top management [Thorelli and Glowacka 1995]. The implication is that it may not be the "best" vendor, but rather a qualified vendor favored by the importer for a range of non-task-related factors, that is likely to be chosen as the winner.

CONCLUDING REMARKS

It is generally taken for granted that exporters actuate cross-border transactions, that they are the "prime movers" behind international trade. They are thought to choose a target market, formulate an entry strategy, select a four-P's marketing mix, and start exporting. In contrast, importers are, at best, thought to be silent partners, and at worst, passive recipients of exporters' offerings. This is a one-sided view of what is a quintessentially two-sided exchange designed primarily to satisfy importers' business needs. Moreover, with more companies moving toward strategic global sourcing, this view becomes grossly inaccurate in describing current global business reality. Often it is the importers who drive exports, by choosing exporters and export countries, rigidly specifying the product to be exported, handling all export marketing functions in the import country, and even entering into joint ventures with exporters. An ever growing number of importing firms has progressed from less sophisticated "foreign sourcing" to strategically coordinated "global sourcing." Nike, a global leader in athletic shoes, imports

100% of its shoes; all of its vendors are selected, trained and developed by Nike [Quinn and Hilmer 1994]. Much of the world garment export from the Far East is directed by major retailers in the West [*Chain Store Age Executive* 1989]. Katsikeas and Piercy's [1992] study showed that British importers, not Greek exporters, decided the product mix, selling price, sales force organization, promotion efforts, and inventory levels. And in the global auto industry, firms are racing to squeeze costs from factories through ever closer partnerships with key parts-makers worldwide, who produce and export complete modules to meet car makers' tight specifications [Woodruff 1996]. This trend signals a simple, timely and important message: The nature of many international trade exchanges has shifted from "exporter-led" to "importer-led," reversing earlier roles. Because of the pro-export biases arising from neo-mercantilism at the macro-level, and the traditional attitude of "everyone can do purchasing" at the micro-level, this fact has not fully permeated the academic literature.

Accordingly, we have argued strongly in favor of refocusing attention on the interlocking decisions of parties to the dyad (Table 1). An important part of international business is international exchange, which in turn is the coupling of importer behavior and exporter behavior. Until theories of importer behavior evolve substantially beyond their current stage and are effectively merged with theories of exporter behavior, further development of international exchange theory [Toyne 1989] may remain stalled.

In this article, we proposed a parallel decision framework for exporters and importers. Although preliminary, this framework integrates their decision processes as each side explores broad options, undertakes a search for a trading partner, and makes its final choice. This choice unites two parties, each acting for its own (self-interested) reasons, in a common transaction. Viewed in this light, the importance of our behavioral orientation in studying international exchange becomes apparent. Further, this orientation helps highlight the need to challenge the assumptions underlying the neoclassical "rational choice" framework, and to appreciate the nonrational, messy behavior that typifies real-world importers.

Specifically, importers do not always respond to greater procurement risk by intensified information search the way they do in the domestic market. They do not keep searching the global vendor pool until the net returns of further information becomes zero, nor do they systematically evaluate vendor against all decision criteria, or select the exporter offering the best bid. This paper suggests another perspective, one closer to reality: Because of the greater complexity and uncertainty in the international setting and the resultant higher search costs and lower cognitive capability, importers may follow not a rational-choice approach, but rather a problem-solving approach in which global sourcing becomes a sequential search process. Often, it is not the best vendor, but a qualified vendor favored by the importer for a range of task- and non-task-related reasons that is chosen.

Important managerial implications flow from our analysis of international exchange, as noted throughout the paper. At the heart of these implications is the recognition that successful export strategies must be based on an understanding of the behavior of importers. If a "beginner" importer is looking for a "good enough" foreign vendor with the lowest downside risk, an exporter emphasizing the net present value of its offering is pressing the wrong button. If an importer is using a noncompensatory "cut-off" model in its vendor selection process, an export proposal prepared on a "trade-off" model will not be included in the short-list. If international vendor search and selection is indeed a "mutual choice" in a relationship formation framework, the traditional emphasis on the product-centered "marketing 4P" to export marketing may be misplaced. Still, major gaps remain in our understanding of importer behavior. Table 5 contrasts revealed importer behaviors with those assumed in the literature, pointing up significant discrepancies that may serve as launch pads for future research.

From a theoretical perspective, this paper responds to a call to probe not only the outcomes, but also the messy *processes* involved in international business [Parkhe 1993]. We proposed a tentative answer to a question that has troubled the IB field ever since its inception, that is, whether there is a distinct "international factor" that differentiates international business from domestic business. Because the cognitive processes vary when the task requirement falls in and outside human rationality and because IB decisions are more likely to exceed the bound of rationality while domestic business decisions are more likely to rest within the bound, executives may behave differently in domestic and international settings: decision behaviors are more likely to follow the satisficing principle in international business and the RC approach in domestic business.

In sum, as the world market becomes increasingly a "buyer's market," developing a deeper understanding of importer behavior becomes critical. However, it would be a mistake to attempt such research in isolation. This paper proposed a *joint* decisionmaking framework that we believe is a good first step toward focusing research attention on the inherent two-sidedness of international exchange transactions. The proposed framework sheds new light on importer behavior, and helps address previously unanswered questions. Inevitably, however, more questions are raised (Tables 1, 5) than answered. This study is also limited to the available literature in the English language. Because the majority of extant importer behavior studies published in English are conducted by scholars based in developed countries (DC), many of them in the United States, some of the revealed importer behavior patterns may be DC-specific or even U.S.-specific; they should not be generalized without

TABLE 5
Major Gaps and Discrepancies in Our Understanding of Importer Behavior

Relevant Export Decisions	Assumed Importer Behavior in the Literature	Revealed Behavior in Extant Importer Studies	Gaps, Discrepancies, Research Issues
Export Initiation	• Exporters export to importers. • Importers lured into importing when exporters offer better deals.	• "Global" importers recruit, select train exporters. • Buyers forced into importing when existing vendors failed to meet task-requirement and non-task expectations.	• Importer profiles unknown (importer vs non-importer vs ex-importer; successful vs unsuccessful importer). • Timing of import initiation: the potential of recession?
Export Targeting	• Importers search the world for best exporter. • Best vendors included in choice set via screening analysis. • Best importers always available, "out there"; no deadline in targeting.	• Importers search heuristically to minimize cognitive effort and risk. • Choice set limited by accessibility in bilateral search and discovery. • Search terminated when "good enough" vendor found.	• What determines importers' search path (where to search, where to search first and when)? • How one decides when to terminate the search and accept the solution found?
Export Entry	• Vendor evaluation is transaction-based, process objective & analytical. • Vendor evaluation compensatory, all relevant factors considered. • Best vendor chosen on the merits of export proposal (bid). • Export strategy based on 4Ps.	• Vendor evaluation is relationship-based, previous association important. • Vendor evaluation judgmental based on available info & cognitive heuristics. •Qualified vendor chosen for non-task-related benefits. • More than 4ps at work.	• How is vendor choice made when buyers have only incomplete info? • How do non-task-related factors impact vendor choice? • How are decisions made when condition for rationality not met?
Export Management	• Exporters are the prime movers of international trade. • Importers implement export strategy formulated/supported by exporters. • Export marketing decision controlled by exporters.	• World markets are increasingly "buyer's markets"; much IE is buyer-coordinated importing rather than producer-initiated exporting. • Importers have strategies of their own. • Importers may take control of export marketing decisions in importer-led IE.	• What determines the compatibility of importer's and exporter's strategies? • When is importer control of export decisions optimal?

further study. We hope this paper will lead to further work aimed at filling major gaps in our understanding of the international exchange equation.

NOTES

1. In this paper importer is defined broadly to include industrial buyers, resellers and trade intermediaries. The first group imports for its own production needs, commonly know as import sourcing, and the latter two groups import for resale to others.

2. According to its governance structure, import sourcing can be classified into intrafirm sourcing (within a MNC), or arm's-length, interfirm, outsourcing. This study is limited to international, interfirm sourcing. A general pattern in components sourcing is that MNCs use outsourcing for standard, non-critical components for lower cost and flexibility, and intrafirm sourcing for critical components that incorporate its proprietary technology. For a discussion of intrafirm sourcing, see Murray, Kotabe and Wildt [1995], Kotabe and Swan [1994] and Swamidass [1993].

3. We would like to thank an anonymous reviewer for elaborating this point.

4. The search method in the ABI/Inform database currently available to library users is "plain English," that is, any article that contains any combination of the key words in any place of the article, in any sequence, is a "hit." Therefore, the number 932 vastly overstates the actual number of articles dealing with importer behavior.

5. Although such comparative studies are useful, these articles address domestic, not international, exchange. Hence, a review of these articles is not included here.

6. Although most of these studies are conducted at the level of individual decisionmaking, there are good indications that these findings are applicable to organizational decisionmaking as well [March and Shapira 1992; Kulik and Perry 1994].

7. For analytical clarity, we dichotomize the concepts of domestic and international markets as if the distinction were clearcut. Yet the concept of "international" is quite fuzzy. For example, there is a "border effect" between open economies such as the U.S. and Canada where firms tend to treat the contiguous markets across the border as being local [Solocha, Soskin and Kasoff 1990].

8. Some of the vendor choice studies are not framed very clearly; respondents were asked to rate the criteria that were important "in the import decision," without specifying whether it refers to the decision to import a product, or the decision to choose a vendor. The six studies included here clearly address the vendor choice decision, or have vendor choice as their primary focus.

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