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Modelling firms propensity to continue service exporting: a cross-country analysis

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Abstract

The pivotal role of services in international business is now receiving widespread recognition. Furthermore, the global marketplace is being increasingly characterised by the speed and ease with which such services cross national boundaries. This exploratory study of Australian and Dutch service exporters provides, for the first time, an understanding of the factors that stimulate such exporters to continue on the internationalisation path. Our results confirm that the level of satisfaction/dissatisfaction with recent past export efforts, export revenue as a percentage of total sales (a measure of export commitment), as well as other more traditional motives for exporting, do explain a reasonable proportion of the variance in propensity to continue exporting. However, some interesting variations emerged between Australian and Dutch firms in their motives to continue exporting. © 1999 Elsevier Science Ltd. All rights reserved.

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1. Introduction

As we approach the new millennium, service enterprises operate in an environment where competitive pressures in domestic and global markets have encouraged many

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to seek new opportunities offshore. These service firms exist in a global marketplace, which is increasingly characterised by the speed and ease with which services cross national borders. Whether in a form such as professional knowledge and expertise (e.g. legal, engineering, management consulting); experiential services (e.g. sport, recreation, tourism) or embedded in goods (e.g. software, training manuals), service providers are no longer constrained by domestic boundaries. Grönroos (1990) contends that there is substantial "hidden service sector" alongside the "official service sector", as defined by the currently employed accounting principles for national statistics. Giarini (1991) exemplifies the importance of the "hidden service sector" by indicating that even in the case of "pure" goods, a substantial proportion (70–80%) of the price is represented by services. This has lead Zeithaml and Bitner (1996, p. 5) to contend that "services are deeds, processes and performances". As the turn of the century approaches, the whole world is seen as the domain for many services. A recent government report expressed this phenomenon as follows:

> ... There is a transition occurring in international competition—a silent revolution if you like. Services are becoming a vital partner in the economic development of many developed, industrialised nations and provide considerable potential for future job growth and increases in export volumes (Austrade, 1994, p. 13).

This transition can be attributed to four key trends. First, the "hollowing out effect", i.e. the shift in economic activity to service industries caused in part by the large-scale transfer of labour intensive manufacturing activity from developed to low-wage economies. Second, deregulation of key industries in recent times has spurred international competition in service industries such as telecommunications, banking and finance, professional practices and the airline industry. Third, as manufacturers go global, their service suppliers (financiers, project engineers, legal advisors, etc.) are forced to follow. Finally, technology—be it in medicine, media, transportation or telecommunications—is having a unifying effect and making national boundaries effectively "borderless" (Lovelock, Patterson & Walker, 1998).

Services in the world economy now account for some 60–65% of GNP in industrialised nations, and 25–30% of world trade (Cateora, 1996). Amongst developed nations, however, the proportion of services exported varies considerably. While Singapore leads the way with exports comprising 69% of total services production, most European countries export between 10 and 20%, including the Netherlands at 17%, with Australia and the USA around 5% each. With the exception of Singapore, all the aforementioned countries have considerable potential to increase their exports of services. So there seems to be considerable managerial as well as scholarly value in identifying those factors that motivate firms to continue exporting.

Based on a review of the export manufacturing as well as the services literature, and a survey of 347 service exporters in Australia and 104 in the Netherlands, the aim of this exploratory study is to identify the key factors that act as stimuli for service exporters to continue on an internationalisation path.

2. Literature synthesis

2.1. The service economy in an international context

Increasingly marketers have realised that services are separated from goods by a number of attributes (Patterson & Cicic, 1995). Generally, the following four attributes, which separate goods from services, are distinguished:

1. *Intangibility*. Services are much less tangible than physical goods. Services are experiences rather than objects, which can be possessed.
2. *Inseparability of production and consumption*. Goods are first produced and then consumed. Services, on the other hand, are characterised by simultaneous production and consumption.
3. *Heterogeneity*. The quality of a service may vary from service provider to service provider, from consumer to consumer and from day to day.
4. *Perishability*. As services are experiences rather than objects, they cannot be stored. As a result, service providers may find it difficult to synchronise supply and demand.

It is generally recognised that intangibility is critical to the dichotomy between goods and services (Zeithaml & Bitner, 1996). The other three attributes can be viewed as consequences of intangibility. Each attribute leads to specific problems for service marketers, which in turn, necessitate special marketing strategies to solve them. A number of these challenges will be introduced briefly.

First, according to Terpstra (1987, p. 333), the choice of market entry mode is "one of the most critical decisions in international marketing" since it determines how organisations market their goods and services in a foreign country. Because of the *inseparable nature* of most services, however, they cannot be directly exported in the way physical goods can (Carman & Langeard, 1980). They therefore cannot enjoy the luxury or opportunities for learning from gradual experience as does a goods exporter, (e.g. via indirect or casual exporting). Service firms are therefore forced to choose from a reduced set of entry modes. Only those services which are embedded in goods may be exported in the traditional sense (e.g. software, training films). The inseparability characteristic often means a *degree of contact* is required between the service provider and the customer for the service to be produced (Chase, 1978). In other words, the customer is often required to be in the service "factory". Services such as medical, engineering project management, training programs, travel and tourism are referred to as "high contact" services because they require a high degree of service provider–client interaction during the service delivery. A high degree of provider–client contact often requires the service firm to have a local presence (e.g. branch office) on foreign soil and to deal with often significant cultural differences (language, customs and communications symbols) and relocation of key personnel, meaning higher investment and accompanying risk in the international venture than might otherwise be the case (Riddle, 1986). Bradley (1995) argues that few services can be exported without also exporting the full service delivery system. It is concluded that this implies that a serious commitment of senior management is necessary. In addition, McLaughlin and Fitzsimmons (1996) argue that as a result of the importance of customer contact, there should be a strong emphasis on the cultural adaption of the service. This emphasises the importance of the ability to easily adapt services for export markets.

Next the intangible, ephemeral and sometimes experiential nature of services increases perceived risk and uncertainty in client purchase decisions because they cannot be tested, inspected or sampled in advance of purchase. Hence branding, firm reputation, trust and effective communication capabilities take on crucial importance in international markets.

Finally, quality is more variable and difficult to manage than is generally the case with manufactured goods. Because personnel play an integral part in the "production" of many services (e.g. medical, managing consulting assignments, engineering projects, live concert performance, recreation, travel and tourism services), standardisation of the service product and thus quality control is often difficult to achieve. This lack of control in a foreign country is likely to only exacerbate the costs (e.g. recruitment and training of local personnel), perceived risks and uncertainty for firms considering internationalisation. Hence it is as Dahringer (1991) explains:

> Service marketers are considerably challenged to manage these characteristics to allow services to be marketed successfully across national boundaries (p. 6).

2.2. Motives for exporting

There is now a substantial literature (both conceptual and empirical) focusing on the export behaviour of firms in the context of manufactured goods (e.g. Burton & Schlegelmilch, 1987; Cavusgil, 1984a; Keng & Jiuan, 1989; Shoham & Albaum, 1995 to cite but a few). Corresponding studies in the service sector are sparse by comparison (Patterson & Cicic, 1995). Exceptions include the work of Erramilli (1990, 1992) and Erramilli and Rao (1990) who examined entry mode choices and strategies; Dahringer (1991) (barriers to internationalisation of services); Tronsden and Edfelt (1987) (assessment of opportunities for services internationally); Sapir (1982) (international trade policies for services); Palmer (1985) (trends in international service trade); and the internationalisation process in specific industries such as advertising agencies, retailing, consulting and legal firms (Terpstra & Yu, 1988; Williams, 1992) and classification schema for services in international markets (Patterson & Cicic, 1995). While several researchers have focussed on the motives for internationalisation, no research could be located which specifically examined the factors (for service or manufacturing firms) that either promote or impede the *propensity to continue exporting*.

Several studies have examined the motives to internationalise (Pavord & Bogart, 1975; Jeannet & Hennessey, 1992; Segal-Horn, 1993; Kasper, 1994; Treadgold, 1989). A summary of these works indicates two over-riding motives which might be described as market "pull" and domestic "push" factors. The pull factors include:

1. opportunistic behaviour (recognising opportunities in foreign markets and reacting accordingly);
2. following key clients abroad;
3. pursuing geographic diversification;
4. international expansion for incremental profits;
5. exploiting product life cycle differences;
6. internationalising for defensive reasons; and
7. leveraging core competencies abroad.

The "push" factors include:

1. intense competitive pressure within the domestic market;
2. prospects of saturation in the domestic market; and
3. poor performance in the home market.

While these factors have been shown to explain the initial move into international markets, the stages-of-internationalisation model (Johanson & Wierdersheim-Paul, 1975) suggests that other factors may be relevant in explaining *propensity to continue* exporting. The stages-of-internationalisation model suggest that firms move from irregular exporting to exporting through agents, to establishing overseas sales subsidiaries, and finally, to production subsidiaries. Successive stages require ever-increasing experience, commitment and involvement. While success at an early stage may move firms to more advanced stages, failure at an internationalisation stage may move firms to less advanced stages or to cease exporting altogether. This argument is based on organisational learning in international markets (Andersen, 1993; Root, 1987). This learning experience also manifests itself in the firms degree of satisfaction/dissatisfaction with the previous export experience. Satisfaction has been shown to result from a cognitive comparison of perceived performance with expectations (or some other standard) in both international and domestic markets (Oliver, 1980; Patterson, Cicic & Shoham, 1997). These expectations which form the benchmark against which performances (perceptions) are compared might, for example, relate to levels of export sales in a given period, penetration levels in a given foreign market, or simply the responsiveness and efficiency of the export agent or distributor (partner in the venture).

Then, similarly to consumer post-purchase behaviour [e.g. adjusting product evaluations for future consumption occasions (Oliver, 1980)], satisfaction and dissatisfaction with performance leads managers to adjust export plans (and indeed propensity to continue exporting) accordingly. Johanson and Vahlne (1990) extended the stages-of-internationalisation model by formulating a dynamic model where the outcomes of one cycle of events become the inputs to the next. The argument put forth by Johanson and Vahlne is that the stages-of-internationalisation model can be used to explain both advances within as well as across markets. Stated differently, satisfaction with performance results in one market at a given time has an impact on future resource commitment at a later time both within an export market and between export markets. This aspect of experience-based decisions (future-determining decisions that are made based on performance in the past) is what makes the model dynamic. We identify two such aspects: *satisfaction with past performance*, and the *degree of* *commitment to exporting* as evidenced by the percentage of a firm's total annual sales that is derived from exporting (sometimes referred to as *export intensity*).

Thus we hypothesise that propensity to continue exporting is likely to be partly determined by the level of satisfaction/dissatisfaction in previous stages/periods and commitment to exporting. Concerning the second of these (commitment to exporting), as a firm advances from one stage to another, international sales become more important (Rao & Naidu, 1992). Cavusgil (1984b) points out that firms have three levels of commitment as they progress through these stages—experimental, active and committed. The increase in sales and commitment is due to two processes (Andersen, 1993). First, firms increase involvement in each market in which they operate. This process is termed "development within specific markets". Second, firms move to increasingly more distant markets in a quest for new markets. This process is termed "developments across markets" (Andersen, 1993). Both processes contribute to increased sales and, consequently enhance commitment and the importance of the role of international sales in a firm's overall strategic goals.

As noted previously in this paper, a number of studies have identified a range of motives for the initial export decision. However it seems likely that over time and changed circumstances, the relative impact of these (initial) motives might alter in their significance. For example, first-hand experience in a particular market may not match the initial (perceived) attractiveness. In reality, competition may be more intense or consumer response to the product offering may be less than expected. On the other hand "client following" is a major motive for firms to enter international markets (Cateora, 1996) (example: a legal firm might follow a major [domestic] manufacturing client offshore to service their needs in a foreign market) and will act as a powerful motive to continue in an international market. However there is also evidence that once the initial move has been made into foreign markets, the service exporter will pursue other work in that market to leverage their presence. In some cases they will even establish an overseas office and actively seek other business opportunities. Hence the motives that act to maintain the service firms presence may not necessarily be the same as those that initially acted as the catalyst to enter this market. It is for this reason that we examine a range of motives to assess their impact on the *propensity to continue exporting*. These comprise 29 motive statements (which are then factor analysed to assess the underlying dimensions, as discussed below in Results) which were derived from exploratory interviews with service exporters and published works (e.g. see Patterson & Cicic, 1995).

Hence our model can be expressed as:

Propensity to continue exporting $=$ f (satisfaction with previous export efforts; degree of export involvement (export intensity); and export motives).

Both Australia and the Netherlands have similar characteristics in many respects including population size, GDP per capita, highly developed and affluent economies, and the sophistication of their respective service economies. Furthermore, service enterprises in both countries face similar obstacles to exporting (e.g. intense competition, lack of government assistance) and are being actively encouraged by government to increase levels of service exports. Accordingly we hypothesise that the factors that explain propensity to continue exporting will be similar across both countries.

3. Research design

The findings reported here are part of a larger cross-country study of the internationalisation practices of service marketers. It examined, among other things, service marketers' internationalisation experiences, both in terms of managerial perceptions as well as reported behaviour. Both the Australian and Dutch service sectors provide an ideal context for a study such as this. First, both countries have produced vibrant and thriving service economies (especially professional services such as engineering, business consultancy, legal and medical firms) in recent times. Second, this sector has been especially aggressive in capitalising on overseas market opportunities, particularly in the Asia–Pacific region (Australia) and in Europe (The Netherlands). Finally, studying service firms from a relatively homogeneous but cross-country viewpoint affords the researcher the opportunity to be more confident in generalising the findings without the possibility of confounding relationships.

3.1. Data collection

A two-stage research design was employed. Despite the volume of published research in the international marketing literature, relatively little explicitly deals with services. Therefore, the first stage involved qualitative, semi-structured depth interviews with 20 service firms (15 of whom were currently involved in international marketing). The purpose of this phase was to gain a first-hand understanding of the factors which motivated their internationalisation program, the perceived risks and benefits, the barriers/hindrances to exporting, and to gain insights into the problems and opportunities posed by the characteristics of services.

Stage two involved a cross-sectional survey of service organisations that were both involved and not involved in international markets. Pretested, self-administered questionnaires were mailed to a non-probability sample of 1264 organisations in Australia. After one follow-up reminder letter and the incentive of receiving an executive summary of the findings, 347 useable questionnaires were returned (approximately evenly split between exporters and non-exporters). A further 183 were returned due to incorrect addresses or incomplete information and 67 reported they were not involved in marketing services (only goods). After excluding these, the net response rate is 34.2%. An analysis of those questionnaires returned from a second wave mailing were compared with the first wave, as recommended by Armstrong and Overton (1977), and revealed no statistically significant differences ($p \leq 0.05$) on a number of key questions. In the Netherlands, a non-probability sample of 400 exporters of services was used. Similar data collection procedures were used. Self-administered questionnaires were mailed, followed by a follow-up call when necessary and the incentive of a brief report on the research findings. Of the 125 questionnaires that were returned, 104 could be used for further analysis, resulting in a net response rate of 26%. As with the Australian sample, the results of the time-extrapolation test revealed no statistically significant differences ($p \leq 0.05$) on key variables.

Finally, the covering letter directed the questionnaire to the senior executive officer responsible for the organisation's internationalisation efforts. If they were not so involved, it was requested that it be forwarded to the senior Marketing person. From a methodological viewpoint, interviewing a single person (key informant) for a study such as this has advantages and disadvantages. For a review of these advantages/disadvantages the reader is referred to Philips (1981).

3.2. Measures

Propensity to continue exporting was operationalised by means of three items focusing on the likelihood that the company will be exporting services in the next 2 years. Satisfaction with previous export efforts was measured by two items based on Oliver (1980). Degree of export involvement or export intensity was captured by means of two items: (1) the percentage of annual sales derived from exports in the most recent financial year; and (2) the percentage of annual sales derived from exports over the past three financial years. In order to measure internationalisation motives for service providers, 29 statements were developed on the basis of our review of the literature and the qualitative stage. Each of the items pertaining to motives was accompanied by a five-point Likert-type scale ranging from 1 (not at all important) to 5 (extremely important). In addition to the aforementioned items, a number of organisational demographic measures (e.g. firm size, service type, etc.) were used to profile the service providers that participated in our study. Using the Australian questionnaire as our point of departure, the items were translated into Dutch via a procedure of double-back translation by a qualified translator in the Netherlands (cf. Brislin, 1980).

4. Results

In order to assess whether underlying and empirically verifiable dimensions of motivation for internationalisation could be identified, the 29 items were factor analysed using principal components analysis (Dillon & Goldstein, 1984; Tabachnik & Fidell, 1996). Items loading lower than 0.4 on each factor were omitted from the analysis, as they did not fully tap the underlying dimension (Churchill, 1979; Gerbing & Anderson, 1988; Nunnally & Bernstein, 1994). Items loading on more than one factor were also deleted for further analysis, since they constitute a threat to unidimensionality (Gerbing & Anderson, 1988; Hattie, 1985). Scale purification resulted in 11 items being deleted from the Australian sample and nine items being deleted from the Dutch sample.

As becomes clear from Table 1, principal components factor analysis using varimax rotation resulted in four factors that were comparable across the two countries.

Table 1
Factor analysis of motives to internationalise

Australian sample		
No.	Performance attributes	Factor loading
Factor 1: Attractiveness of export market incentives (coefficient $\alpha = 0.85$)		
(24)	Incentives offered by government in target country	0.78
(19)	Eased government relations in target country	0.76
(14)	Reduced tariffs in target country	0.75
(16)	Favourable currency movements	0.70
(28)	Export promotion program	0.66
(11)	Attractive export incentives	0.65
(29)	Availability of foreign market information	0.64
Factor 2: Management commitment (coefficient $\alpha = 0.85$)		
(26)	Management's commitment to exporting	0.89
(27)	Consistent with our organisation's mission	0.83
(6)	Managerial beliefs about the importance of exporting	0.77
(23)	Meet management expansion goals	0.71
Factor 3: Domestic push (coefficient $\alpha = 0.84$)		
(8)	Diminishing domestic sales	0.88
(9)	Saturated home market	0.84
(25)	Recession in Australia	0.77
Factor 4: Client following (coefficient $\alpha = 0.82$)		
(21)	Following our client base	0.86
(20)	Most of our clients are working on a global level	0.83
Factor 5: Competitor following (coefficient $\alpha = 0.73$)		
(5)	Export activity of national competitors	0.85
(22)	To keep up with competitors	0.71

Four motivation dimensions consistently emerge as factors that instigate organisations to export their services: (1) *attractiveness of export market incentives*; (2) *management commitment*; (3) *domestic push*; and (4) *client following*. Only with regards to a fifth dimension do differences occur between the samples. For the Australian sample, *competitor following* clearly stands out as a separate factor that motivates firms to export, whereas for the Dutch firms *efficient use of assets*, such as economies of scale and scope, risk diversification and opportunities for higher profits, is another motivator to export. These dimensions exhibit adequate reliability in terms of coefficient α. Coefficient α ranges from 0.68 to 0.88 in the Dutch sample and from 0.73 to 0.85 in the Australian sample (Churchill, 1979; Nunnally & Bernstein, 1994).

Subsequently, multiple regression analysis was conducted in order to examine how each of the five factors, in addition to satisfaction with previous export efforts and

Table 1
Continued

Dutch sample		
No.	Performance attributes	Factor loading
Factor 1: Attractiveness of export market incentives (coefficient $\alpha = 0.88$)		
(24)	Incentives offered by government in target country	0.82
(14)	Reduced tariffs in target country	0.74
(28)	Export promotion program	0.73
(16)	Favourable currency movements	0.73
(19)	Eased government relations in target country	0.69
(11)	Attractive export incentives	0.67
Factor 2: Management commitment (coefficient $\alpha = 0.80$)		
(26)	Management's commitment to exporting	0.82
(10)	Attractive profit and growth opportunities overseas	0.76
(27)	Consistent with our organisation's mission	0.69
(6)	Managerial beliefs about the importance of exporting	0.67
Factor 3: Domestic push (coefficient $\alpha = 0.80$)		
(9)	Saturated home market	0.91
(8)	Diminishing domestic sales	0.88
(25)	Recession in The Netherlands	0.62
Factor 4: Client following (coefficient $\alpha = 0.68$)		
(21)	Following our client base	0.81
(20)	Most of our clients are working on a global level	0.66
Factor 5: Efficient use of assets (coefficient $\alpha = 0.70$)		
(3)	Economies resulting from additional orders	0.75
(17)	Opportunities to increase the number of markets and spread market related risk	0.71
(4)	Proximity to export markets	0.51
(13)	Ability to easily adapt services for export markets	0.50
(2)	Excess capacity available	0.49

export intensity, may explain a firm's propensity to continue exporting. The results are depicted in Table 2.

The results of regression analysis depict a consistent picture across our two samples with regards to the determinants of propensity to continue exporting. The motivational factors "management commitment" and "client following" as well as satisfaction with past export efforts, and export intensity have a significant influence on propensity to continue exporting. The remaining motivational factors "attractiveness of export market incentives", "domestic push", "competitor push" and "efficient use of assets" seem to have no impact on the decision to continue exporting. It can

Table 2
Regression analysis on propensity to continue exporting

Australian sample				
Variables	B	β	t	p-value
Factor 1: Attractiveness of export market incentives	−0.06	−0.04	−0.73	0.47
Factor 2: Management commitment	0.50	0.35	6.83	< 0.001
Factor 3: Domestic push	1.63	1.29	0.01	0.99
Factor 4: Client following	−0.20	−0.16	−3.16	0.01
Factor 5: Competitor following	0.02	0.01	0.27	0.79
Export satisfaction	0.46	0.24	5.16	< 0.001
Export intensity	1.80	0.60	13.04	< 0.001
R^2	0.67			
Overall F	54.63	($p < 0.001$)		

Dutch sample				
Variables	B	β	t	p-value
Factor 1: Attractiveness of export market incentives	−0.04	−0.04	1.19	0.24
Factor 2: Management commitment	0.23	0.21	3.98	< 0.001
Factor 3: Domestic push	0.05	0.07	1.05	0.30
Factor 4: Client following	−0.10	−0.10	1.12	0.04
Factor 5: Efficient use of assets	0.08	0.12	2.11	0.27
Export satisfaction	0.31	0.25	4.30	< 0.001
Export intensity	0.01	0.29	4.79	< 0.001
R^2	0.37			
Overall F	5.18	($p < 0.001$)		

be noted that particularly for Australian firms, export intensity ($\beta = 0.60$, $t = 13.04$) appears to be a major factor in explaining propensity to continue exporting.

5. Discussion

In this paper we examine factors that stimulate service exporters from Australia and the Netherlands to continue to explore the opportunities of international markets, and found strong evidence of the cross-national validity of our measures and results. A factor analysis of the motives to export revealed a number of motivational dimensions that are similar across the two countries. Attractiveness of export market incentives, management commitment, domestic push and client following are major motives for firms to enter international markets in both Australia and the Netherlands. In addition, our results reveal that for Australian service exporters keeping up with competitors is another motivation to internationalise. This might be explained with the help of the typology created by Hofstede (1980) on national cultures. Australia and the Netherlands differ substantially with regards to the masculinity dimension, leading us to conclude that the Australian culture has a relatively stronger competitive orientation. This might account for the fact that a focus on the competition forms an additional motive for Australian service firms to export. For Dutch service exporters, efficient use of company assets forms an additional reason for exporting. This might be explained by the difference in geographical location. The Netherlands is in the centre of Europe with the majority of export markets at a relatively short distance (74% of the Dutch firms export to other European countries). Australia, by contrast, is more isolated with even its East-Asian trading partners at a great distance. When cultural distance is relatively large, management may have more difficulty in judging and evaluating inputs and results in terms of information that is available internally. Information on the performance of competitors may be used as a gauge to measure export performance.

We found that in addition to the motives for the initial export decision “management commitment” and “client following”, satisfaction with previous export efforts, and the degree of export involvement are significant determinants of a firm’s determination to continue exporting, according to respondents from both countries. The fact that the other motives do not appear to have an impact on the propensity to continue could be explained by the fact that these motivations played a role in the initial export decision but not in the continuation decision at more advanced stages of internationalisation. Australian service exporters operate in markets that are both geographically and culturally more distant than those of their Dutch counterparts. As a consequence, increased export involvement may account for the relative strength of export intensity as a predictor variable in the Australian data, as well as the difference in explanatory value of our model for the two countries (Australia $R^2 = 63\%$; Netherlands $R^2 = 37\%$).

Our exploratory research is meant as a contribution to the small but increasingly relevant literature on the internationalisation of services. Part of the strength of a research project lies in the recognition of its limitations. This may suggest potential issues that merit future research. In the first place, more research is needed to uncover additional determinants of service firms’ propensity to export and to account for the deviation in variance explained between the two countries. For instance, by applying concepts from the consumer behaviour literature, it should be examined whether motivation, ability and opportunity impact a firm’s decision to continue its export operations. Secondly, all constructs were measured at one point in time, thus essentially from a static perspective. It may be worthwhile to study export behaviour and decision-making over time in order to take into account rapid developments in the services area. As a result of the application of information and communication technology, export behaviour of firms will drastically change as physical or local presence may no longer be required. Finally, further research is needed to extend our findings to service exporters from other cultures.

6. Managerial and public policy implications

In terms of the managerial implications of our study, it seems that the commitment of company management to the internationalisation venture is of crucial importance. The presence of highly motivated and passionate individuals or so-called "rain makers" who invest considerable time, effort and personal risk in export ventures is critical to export success or failure. Management commitment to exporting can be enhanced by working partnerships with other companies and governmental institutions, training of skills that are essential in exporting (e.g. international negotiation skills) and performance evaluations that take export initiatives and accomplishments into account. Moreover, as export intensity and satisfaction play such an important role, senior export management should be invited to share their experience and views within the company, for instance, by cross-training their colleagues. Objective as well as subjective assessment of export performance or the publication of internal benchmark information should be made widely available within the company in order to motivate employees to devote energy and commitment to the internationalisation of the service company. Successful benchmarking may often mean that companies must be innovative when developing new processes to efficiently and effectively deliver their services abroad. Information and telecommunication technology are often important facilitators of services export, as they enable firms to transcend physical boundaries more easily.

Our study also has a number of public policy implications. As export intensity as well as management commitment has a major impact on the decision to continue exporting, an obvious policy approach would be to encourage participation in information gathering and promotion of best practices. It could be useful to develop seminars that raise awareness regarding opportunities for service exports. Proven experience might stimulate others to follow on the internationalisation path. Industry-wide programs could be developed to encourage companies to investigate and implement best practice. In order to encourage this, policy makers should encourage the development of models of replication of efficient and effective export performance. In a world in which markets are no longer characterized by physical boundaries, policy-maker leadership is needed to build industry-wide commitment to export exellence.

In addition, it seems appealing to work with educators to develop responsive systems of business and export needs and to increase the support and commitment to services industry coordination, research and development by establishing formal mechanisms that recognise the important linkages between services and other industries. More research is needed to establish ways in which service companies can benefit from exports.

Looking to the future, it may be expected that rapid developments in information technology may propel service exporting into the next century. Policy-makers can play a key role in developing the infrastructure and providing associated infrastructure services to exporting companies. Furthermore, visionary researchers have predicted that future organisations will be disaggregated and replaced by networks of functional specialisation's (Miles & Snow, 1984). Companies will move beyond global operations to global partnerships of skills and resources (Achrol, 1991). It may be expected, however, that a great deal will depend on the creativity and commitment of company management in facing the challenges posed by the continuation of service exporting.

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