



pro|CHILE



KEY SUCCESS FACTORS IN TRADE IN SERVICES

**APEC Group on Services
APEC Committee on Trade and Investment**

January 2012

APEC Project CTI 11/2011T

Paper prepared for APEC's Group on Services
"Sharing Key Success Factors and Experiences in Trade in Services for SMEs
Seminar

Produced by
Dorotea López G.*
Felipe Muñoz N.*

*WTO CHAIR - INSTITUTE OF INTERNATIONAL STUDIES
UNIVERSITY OF CHILE

For
Asia Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace
Singapore 119616
Tel: (65) 68919 600
Fax: (65) 68919 690
Email: info@apec.org
Website: www.apec.org

© 2012 APEC Secretariat

APEC#212-CT-01.1

TABLE

Abstract	3
Key words	3
Glossary	4
Services and SME´s in APEC economies	5
Graph 1. Services as share of GDP	5
Graph 2. World total and services exports. (Constant 2000 US\$ billions).....	7
Graph 3. Composition of world commercial services exports.....	7
Table. 1 Foundations of success. Australia`s trade on education case.....	9
Export services key success factors	9
Table 2. Key success factors identification	13
Table 3. Human capital KSF.	14
Table 4. Management KSF.....	15
Table 5. Export strategy KSF.	15
Table 6. Customers KSF.	16
Table 7. Service characteristics KSF.....	17
Table 8. Government key success factors	18
Table 9. External key success factors	19
Table 10. Mixed key success factors.....	20
Key processes as a key success factor.....	21
Figure 1. Key success factors identification process.....	22
New ideas and actions.....	¡Error! Marcador no definido.
References	24

Abstract

The paper has three main purposes; one is to present a brief review of the literature regarding key success factors for trade in services. Second is to develop an analytical framework for these factors. Finally, go over the main points of the experiences presented by different economies at the APEC's GOS-ProChile seminar held in San Francisco, September 2011, contrasting them with previous findings. The first section deals with the attempt to have a further understanding as to the role that SMEs services providers play in the APEC trading services markets. The next section examines the factors that lead to successful SMEs export performance.. Finally, the paper tries to identify future work and to develop new ideas and actions.

Key words

Key success factor, trade in services, APEC, SMEs and services.

Glossary

APEC: Asia Pacific Economic Cooperation. www.apec.org

Aus: Australia

Can: Canada

Chl: Chile

Economies: The word 'economies' is used to describe APEC members because the APEC cooperative process is predominantly concerned with trade and economic issues, with members engaging with one another as economic entities.

GATS: General Agreement on Trade in Services in the WTO.

GDP: Gross Domestic Products.

GOS: group of services in APEC.

ICTSD: International Centre for Trade and Sustainable Development

KSF: Key Success Factors Sometimes KSF are called critical success factors.

Mex: Mexico

Modes of supply: GATS distinguishes between four modes of supplying services: cross-border trade, consumption abroad, commercial presence, and presence of natural persons.

Mode 1. Cross-border supply is defined to cover services flows from the territory of one Member into the territory of another Member (e.g. banking or architectural services transmitted via telecommunications or mail);

Mode 2. Consumption abroad refers to situations where a service consumer (e.g. tourist or patient) moves into another Member's territory to obtain a service;

Mode 3. Commercial presence implies that a service supplier of one Member establishes a territorial presence, including through ownership or lease of premises, in another Member's territory to provide a service (e.g. domestic subsidiaries of foreign insurance companies or hotel chains); and

Mode 4. Presence of natural persons consists of persons of one Member entering the territory of another Member to supply a service (e.g. accountants, doctors or teachers). The Annex on Movement of Natural Persons specifies, however, that Members remain free to operate measures regarding citizenship, residence or access to the employment market on a permanent basis.

Nz: New Zealand

OCDE: Organization for Economic Co-operation and Development www.ocde.org

Per: Peru

Phil: The Philippines

ProChile: export promotion agency of Chile. www.prochile.cl

Seminar: it refers to the seminar held in San Francisco in September 2011, between APEC's GOS and ProChile, Sharing key success factors and experiences in trade in services for SMEs.

SMEs: Small and Medium Enterprises.

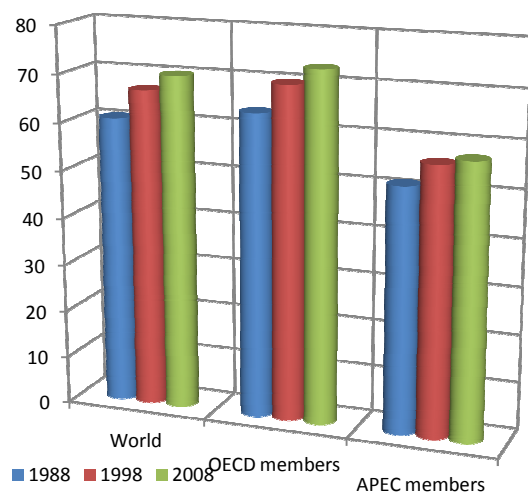
WTO: World Trade Organization www.wto.org

Services and SME's in APEC economies

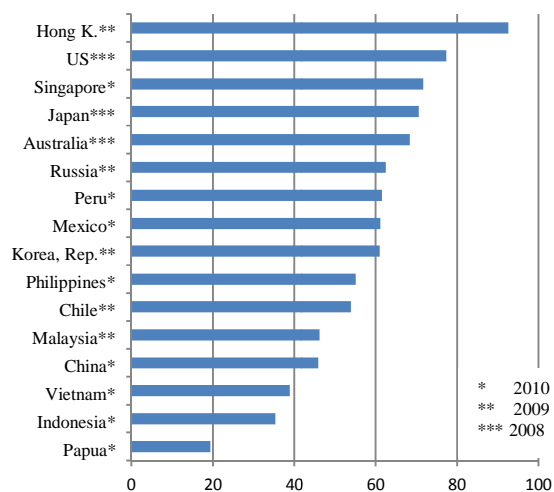
Services have become an essential part of modern economies. Worldwide, services have had a continuous growth, now accounting for over 68% of global GDP. This is particularly interesting in the more developed economies where services` share of their gross domestic product is higher than 70%. In APEC economies, services represented more than 50% of global output, with growth exceeding 10% in the last 20 years (Graph 1.a). There is a great dispersion in the services as share of the GDP amongst APEC economies (Graph 1.b). This fact supports in one hand the idea that there is an important stock of best practice in the APEC region; and in the other that there are economies that will be benefit from cooperation.

Graph 1. Services as share of GDP

1.a.- World, OECD, APEC



1.b.- Selected APEC economies



Source: World Development Indicators

Along with the obvious involvement of services in economy, it is important to note that services build the backbone for the development of other industries, and are vital to promote social development. If we agree that services are the backbone of economic development we will agree that you can't have a competitive economy without a competitive service sector. Logistics services, transportation, telecommunications and financial services, among others, are essential to develop new industries, achieve a

KEY SUCCESS FACTORS IN TRADE IN SERVICES

successful process of industrialization and strengthen economic development. Moreover, educational, health, and social welfare services are central for the social development of economies.

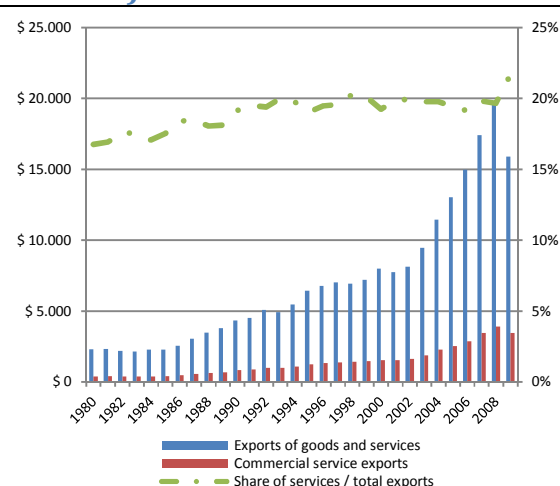
The traditional idea of international trade being linked to the movement of goods is no longer fully effective. While most exchanges today relate to goods, the growing prevalence of international trade in services is indisputable. Services today represent a significant fraction of the exchanges, about 20% of world trade, a growing share, despite having less available statistical information on them than on trade in goods (Graph 2).

Communication and information technologies have allowed not only a reduction of the costs of such operations, but also have eliminated or substantially reduced the need for proximity between service providers and consumers, enabling SMEs to access new markets.

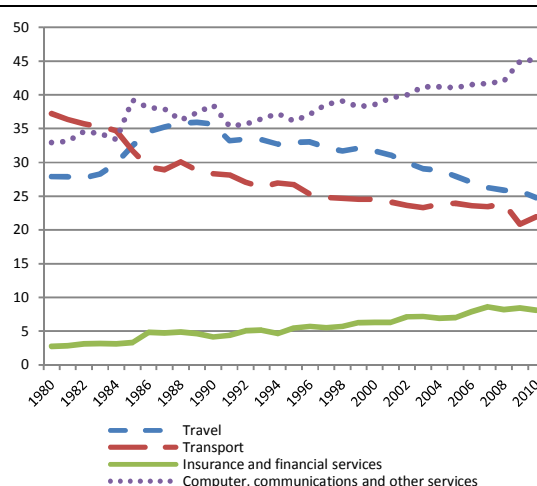
Services have gradually increased their share through the addition of new non-traditional services, different from transportation and tourism, to the economies' exports supply basket. As shown in Graph 3, traditional services, i.e. transport and tourism, have suffered a steady decline in their share of total commercial services exports, which is mainly explained by the emergence of new commercial services including financial services, telecommunications and services related to computing and information technology.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Graph 2. World total and services exports. (Constant 2000 US\$ billions)



Graph 3. Composition of world commercial services exports.



Source: World Development Indicators

For the APEC economies, services have gradually become an important component of their export structure. The Philippines became the third world business process services exporter; Thailand and Malaysia have developed a strong health services industry; Chile has an active participation on retail and energy, and Mexico is becoming an important provider of telecommunication services. As was reviewed in the Seminar education has become the second export industry in Australia; renewable energy is becoming key for New Zealand's strategy as environmental services in Canada, ICT and audiovisual services are growing sectors in Mexico, Peru is oriented to export software, the Philippines animation services sector is one of the main employment sources in that economy, and architectural services in Chile are well positioned for exporting.

SMEs have been recognized as a priority for APEC since the 1993 Leaders' meeting in Seattle. In all APEC economies, over 90% of enterprises are SMEs, and account for over 50% of employment. Although SMEs are important across the region, there are considerable differences in the role of them in the various economies. In APEC there is no single definition of an SME across all economies; different criteria are used to define them: number of employees, maximum levels of sales, assets, and/or capital, sector specifications. (Hall, APEC SME's Group).

KEY SUCCESS FACTORS IN TRADE IN SERVICES

The proportion of exports generated by SMEs is difficult to obtain mainly in services, in general some APEC estimates indicates that exporting SMEs as a share of total exporters is usually high, ranging from 55% to 97%. However, the share of total SMEs that are exporters is relatively low, ranging from just 0.2% to 12%. Which is well-known is the relevance of SMEs. Today SMEs not only depend on the services for its good export performance they are increasingly concerned about exporting services.

The lack of information regarding SMEs and particularly in services made very difficult to identify in this very first experience the key factors that are more related to SMEs than the ones for most of the exporters.

Regarding services and beyond the scope of the key success factors objectives, some general conclusions were obtained from the cases presented by the different economies:

- i) Service export acts as “force multipliers” for other sectors. The Philippines services animation industry created a great spill over the software services growth. Nowadays the Philippines is developing its own application software for animation. Mexico with audiovisual services exports promotion will be taking advantage of technology transfers.
- ii) There are close connections and positive links between modes. Australia`s growth on ‘WTO Mode 2, consumption abroad’ educational services enable the industry to develop of ‘Mode 3, commercial presence’ of Australian providers offshore, as well as growth in ‘Mode 4, cross border supply’ through on-line and distance education.
- iii) Government support programmes that provide assistance to service exporters are recent in some economies. PROMPERU, the economy’s state agency that promotes its Exports and Tourism Sectors is an example of the relatively new services export support institutionalism. They launched their Export of Services Promotion Program on 2004.
- iv) Competitive advantages on services exports may be dynamic, so it is dangerous to rely on them; the dynamics of comparative advantages on services exports.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

The Australian education industry began its internationalization process relying on a series of characteristics that made them an interesting and competitive educational service provider, and were conceived as the foundations of their success. This led since the mid-nineties to a rapid growth of international student enrolment. Due to changes on the Australian society towards immigrants, on economic determinants such as the exchange rate, and on policy programmes, some of the characteristics that formerly contributed to the success of the industry became obstacles (Table 1).

- v) After liberalization you need clear rules, based on objective criteria and minimize discretionary policies.

Table. 1 Foundations of success. Australia`s trade on education case.

Former characteristics	Later characteristics
English-speaking nation	English-speaking nation
Relatively safe, welcoming community	X Relatively safe, welcoming community
Easy-going lifestyle	Easy-going lifestyle
Attractive environment	Attractive environment
Generally good quality education	Generally good quality education
Educational pathways	Educational pathways
Ability to work while studying	Ability to work while studying
Relatively low living costs	X Relatively low living costs
Comparatively moderate tuition prices	X Comparatively moderate tuition prices
Opportunity to migrate for permanent residency	X Opportunity to migrate for permanent residency

Source: Gallager, M.

Export services key success factors

Research on international services has been extremely diverse and multidisciplinary in nature, targeting a wide variety of areas within the sector. The coherence and outcomes of these investigations are critical mainly for public-policy makers, managers and researchers. The assessment of the existing literature reveals that: a) the research on public policy services and the one carried out by international organizations has been mainly oriented to

KEY SUCCESS FACTORS IN TRADE IN SERVICES

trade negotiation issues rather than to export success aspects; b) most of this research has been directed at a firm level rather than a economy level, less attention has been given to the factors affecting the success of SME's as a economy strategy and to the relevance of public-private strategies; c) most studies regarding key factors for export success are related to goods rather than services; d) research has been biased with regards to the information sources: the vast majority of research has been carried out by developed economies; e) existing research that identifies key or critical success factors assumed a static view: most of them take for granted that the importance is the same independently of the phase of the export, the firm's maturity or its export knowledge; f) studies are characterized for using different level of analytical techniques and methodological approaches; g) research of services operating in foreign markets are limited also as a consequence to lack of data; h) there is not enough work done that is conclusive in relating specific key factors to firm size or particularly to a determined service sector.

The study of key or critical success factors on management begun on the sixties with the work of Ronald Daniel, who introduced this concept as an element for management decision making. Key or critical success factors (KSF/CSK) are the few key areas of activity in which favorable results are absolutely necessary for a particular manager to reach his goals (Bullet & Rockart, 1981). In this sense, CSF define key areas of performance that are essential for the organization to accomplish its mission and define those sustaining activities that an organization must perform well over time to accomplish its mission. They are an important component of a strategic plan that must be achieved in addition to the organization's goals and objectives (Caralli, 2006).

The main contributions to the literature on the identification of KSF in matters of international trade have been developed for trade in goods. Most studies analyse industries or companies KSF at a private level, with little literature referring to the importance of public-private partnership. Thus, studies that attempt to analyze the key factors for trade in services are limited and their objectives or focus tend to be dissimilar between them.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Analysing the literature on the key success factors of the process of internationalization of service exporting companies in the world, we can note a large heterogeneity among all the factors identified by different authors. Also, the focus of analysis of the various studies differs depending on whether we are referring to domestic, sector or individual considerations. Therefore, it is necessary to consolidate and organize the results so as to identify the main KSF associated with services trade.

We intend to classify the so-called key factors on a hierarchy system that will flow from a general to a more specific level. The objective is to balance having too many specific factors without parsimony and having too few factors that may lack meaning. Key success factors should be a relatively small number of truly important issues. CSFs are related to the specifics of a particular manager's situation, which means they must be tailored to the industry, the company, and the individual (Bullet & Rockart, 1981). An effort has been made to group some items according to the underlying characteristic that they attempt to deal with.

There is an important lack of a comprehensive theory base for explaining export performance, which made it very difficult to integrate the findings from different studies in to coherent body knowledge. Despite the discussions found in the literature as well as the different theories and methodological approaches, the paper in a first stage proposes an ad hoc definition of “key factors”. For the purpose of the study, these factors have been divided into four main categories, some of which are also used by other authors.

Organizational factors are those ones intrinsically related to the company, but although they may seem purely internal at first sight, they can be closely related to the resource availability or the main characteristics of a given economy. They may also be related to certain public policies that are related to the company's management at a micro-level.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Governmental factors refer to the public policies and strategies adopted by governments in order to directly support export processes or to create optimal conditions to promote exports.

External factors are variables that may be beyond the control of the public and private sectors but yet have to be taken into account by these two in the design of their strategies.

Mixed factors involve those variables that clearly show a combined effect of the previous categories.

This section presents a contrast of the previous literature review with the finding shared on the APEC Group on Services Seminar, “Sharing Key Success Factors and Experiences in Trade in Services for SMEs” held in San Francisco, US, on September 2011. In this seminar, case studies on various service exporter industries, mainly SMEs were presented by Australia (educational services), Canada (environmental service), Chile (architectural services), Mexico (ICT and audiovisual services), New Zealand (renewable energy), Peru (software services), and The Philippines (animation services). Table 2 presents the KSF identified on the seminar, even though is a brief summary it is not an exhaustive list (in parenthesis we refer to the economies where the KSF was found, in bold when the KSF was transversal to all presented studies). Different KSF were identified in the presented studies, but some of them are of particular interest because they are transversal to all the cases presented by the economies and they cross all the sectors, being identified crucial for an optimal export strategy for SMEs service exporters.

Table 2. Key success factors identification

Organizational	Language (Aus, Phil) Networking Services linked to global clients (Per) Service oriented attitude (Phil, Aus, Per) Quality Marketing (Aus, Can) Export plan (Can) Human capital Leadership
External	Cultural similarities (Phil) International commitments (Aus, Per)
Public Policy	Legal and regulatory framework (Aus, Per, Mex, Can) Tax incentives (Mex, Aus, Mex) Trade facilitation (Chl, Aus), Mex) Government support - Industrial policy Road map (Mex)
Mixed	Economy brand Associativity Public-Private partnership (Aus, Can, Phil, Mex) Curriculum development (Can, Phil) Financial sources (Nz, Can) Cross experience (Can, Aus)

The review of research shows an important focus on **organizational factors**, internal KSF that firm managers need to attend in order to ensure a successful internationalization process. Due to the extent of the work in this area, we were able to find five subcategorizes: human capital, management, export strategy, customers, and service characteristics.

The first subcategory, **human capital**, relates to the composition of the firms human resources -only with the correct employees a firm’s internationalization process will succeed- as noted by Seyoum (2009) the human capital of the firm is important to enable the company’s success on foreign markets. Qualification and cross cultural skills as well as the attitude and loyalty of employees are also highlighted in different studies. At the seminar the human capital of the company was highlighted to achieve the objectives. Teamwork, loyalty, cross cultural skills, and language are considered critical, and should be

KEY SUCCESS FACTORS IN TRADE IN SERVICES

a point of attention before engaging on an export policy. The Philippines signalled that continuous curriculum development for animation and game development has been a fundamental continuous work. New Zealand mentioned as basic the capability, especially amongst consulting mechanical services engineers. They have had to develop a whole new competency to assess supply that is normally the domain of forestry logistics experts.

Table 3. Human capital KSF.

	Key Factor	Author
Human Capital	Human Resources	Seyoum (2009)
	Teamwork	Freund (1988)
	Service employees' cross-cultural skills	Sichtmann & von Selasinsky (2010)
	Qualified and competent export staff	Sichtmann, Griesse & Klein (2007)
	Employee Attitude	Raymond & Mittelstaedt (2001)
	Able to develop and sustain capabilities	Hung & Effendi (2011)
	Employee Loyalty	Raymond & Mittelstaedt (2001)
	A good human resource management practices	Hung & Effendi (2011)

A second subcategory, due to the relevance it was given by various authors, is **management**, with refers to the managers commitment and capacities. The first KSF highlighted by the authors refers to the managerial commitment to exporting. If the manager (managing team) is not completely engaged with the export plan it will have a high likelihood of failure. Leadership (Freund, 1988), vision and commitment (Hung & Effendi, 2011) and cross cultural skills (Sichtmann & von Selasinsky, 2010) are desirable managers characteristics that became KSF for services trade. At the seminar leadership seemed to be crucial as the studies identified in the managers' commitment towards exports an important step towards the success of the exporting process. Only if the manager commits himself towards the internationalization of the firm, there are real odds of success. If the manager (managerial team) is not focus on exports (i.e. focus on domestic market only), the chances of failure increase. Canada explained the relevance of manager leaderships highlighting the public private expertise advantages.

Table 4. Management KSF.

	Key Factor	Author
Management	Managerial commitment to exporting	Smith (2006)
		Sichtmann & von Selasinsky (2010)
		Sichtmann, Griese & Klein (2007)
		Hung & Effendi (2011)
		Qur`an (2010)
		Frazer & Patterson (1998)
	Leadership	Freund (1988)
	Visionary, capable, and strong leadership	Hung & Effendi (2011)
	Committed, supportive, and strong management team	Hung & Effendi (2011)
	Managers' cross-cultural skills	Sichtmann & von Selasinsky (2010)

The third subcategory refers to the firm **export strategy**. Internationalization shall not be a random process, but a well-planned strategy in order to maximize the success odds. Most authors recognize that a strategic export planning and marketing promotional activities are critical factors for achieving success. Associativity (Prieto et al, 2011), networking (Hung & Effendi, 2011), and export policies and division (Smith, 2006) are also named to be KSF for export service firms. As was outlined by New Zealand feasibility studies were critical to raising awareness and catalyzing capital investment.

Finally, networking in order to penetrate the new markets, and having proximity with the customer. Networking, quality, human capital, associativity and leadership were empirically proven by the case presented by Chile, architectural services: a leadership that achieves associativity and establishes an office in China for a group of architectural offices for exporting, they are still competing individual firms in their own markets.

Table 5. Export strategy KSF.

	Key Factor	Author
Export Strategy	Marketing promotional activities	Bianchi (2008)
		Sichtmann, Griese & Klein (2007)
		Sichtmann & von Selasinsky (2010)
	Strategic export planning	Smith (2006)

KEY SUCCESS FACTORS IN TRADE IN SERVICES

		Sichtmann, Griese & Klein (2007)
		Alhroot & Alalak (2010)
		Hung & Effendi (2011)
	Associative entrepreneurial capacity	Prieto, Sáez & Grover (2011)
	Value of cross-border customer relationships	Sichtmann & von Selasinsky (2010)
	Number of cross-border customer relationships	Sichtmann & von Selasinsky (2010)
	Management of cross-border	Leonidou (2003)
	Good networking	Hung & Effendi (2011)
	Able to identify and focus on market	Hung & Effendi (2011)
	Market Awareness	Raymond & Mittelstaedt (2001)
	Capability to internationalize	Sichtmann, Griese & Klein (2007)
		Hung & Effendi (2011)
	Export policies & divisions	Smith (2006)
	Export coordination	Sichtmann, Griese & Klein (2007)
	A good and responsive organization system	Hung & Effendi (2011)

Customers policies has been identified as a fourth subcategory. In this category, authors identify as KSF a series of customer oriented issues such as trust, satisfaction, value, and customer orientation. A good customer relationship (Hung & Effendi, 2011) is noted to be a KSF for services provision, and particularly for services trade. The quality of the service is going to be provided, its innovation and capacity to satisfy the customers' needs. Australia's educational export services relied in aspects as the campus life, the environment of a friendly population and the support for accommodation.

Table 6. Customers KSF.

	Key Factor	Author
Customers	Trust in the customers	Sichtmann & von Selasinsky (2010)
	Customer satisfaction	Alhroot & Alalak (2010)
		Sichtmann, Griese & Klein (2007)
	Customer Value	Raymond & Mittelstaedt (2001)
	Good customer and client relationship	Hung & Effendi (2011)
	Globalization of clients	Frazer & Patterson (1998)
	Customer orientation	Sichtmann & von Selasinsky (2010)
Raymond & Mittelstaedt (2001)		

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Finally, on the organizational level, **service's characteristics** are noted to be critical for the export success. Sichtmann, Griese & Klein (2007) focused on the quality of the service provided, making emphasis on the quality control and right selection of the entry mode. Raymond & Mittelstaedt (2001) propose that the design and innovation should be considered a KSF for services exports, and that it should always keep in mind the necessity of meeting the customers' needs. Mexico has natural conditions and installed capacity that allow them to export audiovisual services.

Table 7. Service characteristics KSF.

	Key Factor	Author
Service Characteristics	Quality & quality control	Sichtmann, Griese & Klein (2007)
	Right selection of entry mode	Sichtmann, Griese & Klein (2007)
	Organization for Service Design	Raymond & Mittelstaedt (2001)
	Vision of Quality Service	Raymond & Mittelstaedt (2001)
	Innovation/Development of New Services	Raymond & Mittelstaedt (2001)
	Service Culture & Designing	Raymond & Mittelstaedt (2001)
	Service Meets Customer Needs	Raymond & Mittelstaedt (2001)
	Good product/services feature	Hung & Effendi (2011)
	Uniqueness of product	Qur'an (2010) Sichtmann, Griese & Klein (2007)

Is possible to find a preferential study focus given to organizational factors, mainly by management and marketing scholars, less KSF have been identified by the literature on the other three categories: **government, external and mix KSF**.

On **Governmental KSF**, a strong support from the government to enterprises willing to export seems to be critical for the internationalization process, particularly for SMEs. The economies reported, at the seminar, that for SMEs expecting to export services, together with a correct firm or industry organization, it is critical to have the support of the government, as their size does not allow them to easily explore foreign markets, and engage in transnational activities.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Table 8. Government key success factors

Key Factor		Author
Public Policy	Legal framework	ICTSD (1999)
	Government support	Bianchi (2008)
	Flexibility	ICTSD (1999)
	Stability	Seyoum (2009)
	Transparency	Seyoum (2009)
	Priority for the internationalization of enterprises	ICTSD (1999)
	Good government support	Hung & Effendi (2011)

An interesting example is the recently the Peruvian government published the Export of Service Promotion Law, which has the goal of establish the legal framework for this activity, placing the service sector as a priority and strategic sector of national interest. This law recognizes all the modes established by WTO General Agreement on Trade in Services (GATS), creates a committee conformed by public and private institutions related to this sector, which are in charge of the elaboration of three Strategic Plans: Development, Promotion and Investors Attractiveness, and creates the Service Exporters and Sectors Statistic Registry and the Education and Capacity building National Plan of Commercial Service Foreign Trade.

New Zealand explained that ongoing support and leadership from government on remaining barriers will be required on both the supply and demand side. For service exporters SMEs the dialog with the government should became a critical focal point at the time of beginning an export plan, as government support will became a fundamental cornerstone for their international development.

The Australian government visualized the relevance of defining an export services strategy mainly as a cultural-strategic: forming diplomatic and business ties, promoting international understanding, and producing tangible benefits to developing economies by training their manpower. commercial: generating export income and local jobs and helping to grow and diversify the income sources of education and training providers in Australia and as a Fiscal substitution: “Please remember that Finance wants to reduce outlays; they will welcome

KEY SUCCESS FACTORS IN TRADE IN SERVICES

your earning export dollars but will subtract them from your public subsidy” (Australian Education Minister Susan Ryan, 1986).

External factors as Sichtmann, Griese & Klein (2007) found that economic, legal, and cultural similarities may be seen as KSF for service exporters. Stability in the political and economic system (Qur`an, 2010), and the use of international standards (Prieto et al, 2011) are also consider KSF for services providers. External factors had less attention at the seminar, although it was pointed out that the characteristics of foreign markets should be analyze when preparing an export plan. Cultural similarities are relevant in some cases as the one mentioned by the Philippines, where some characteristics of philippines and americans, as sense of humor, are very determinant in the animation export process. Regarding international commitments, private sector must be aware of the existing benefits and restrictions that are included in these agreements.

Table 9. External key success factors

Key factor		Author
External Factors	Relationship flexibility	Heide & John (1992)
	Information access	Bello, Chelariu & Zhang (2003)
	Credibility	UNCTAD/OMC
	Socio Cultural forces	Seyoum (2009)
	Competitive Forces	Seyoum (2009)
	Use of international standard	Prieto, Sáez & Grover (2011)
	Export Market	Sichtmann, Griese & Klein (2007)
	Economic similarity	Sichtmann, Griese & Klein (2007)
	Legal similarity	Sichtmann, Griese & Klein (2007)
	Cultural similarity	Sichtmann, Griese & Klein (2007)
	Technology intensity	Sichtmann, Griese & Klein (2007)
	Intensity of competition	Sichtmann, Griese & Klein (2007)
	Host government regulations	Qur`an (2010)
	Political and economic stability	Qur`an (2010)
	Infrastructure	Qur`an (2010)

KEY SUCCESS FACTORS IN TRADE IN SERVICES

Finally, on a **mixed category** is particularly important the availability of financial resources. This KSF is considered a mix factor as the firm may be able to find these resources internally, on the market, or through the government by public loans or support programs. As described by López & Muñoz (2008), the availability of financial resources for services export operations is not being well provided by traditional financial services (banks, insurance companies), due to the lack of guarantees of this kind of firms, so the need for public participation on the financial market thru different instruments is basic to ensure its availability for services firms.

Public-private partnerships (ICTSD, 1999), where private firms and the government may collaborate towards the implementation of a strategic internationalization plan. Peru explicitly supports in its Export of Service Promotion Law the creation of a private-public committee in order to develop the export strategies. Identifying mixed factors in the economies experiences delivered these conclusions: as the existence of an economy brand, as Australia signaled the economy brand was closely related with: being an economy rrelatively safe, with a welcoming community and an easy-going lifestyle with the facilities to work while studying.

Associativity between firms is key for reaching markets, Australia, Chile and the Philippines were very insistent in this aspect. They also pointed out that independence and collaboration is absolutely possible in exporting services.

Cross-collaboration with different industry associations to come up with viable business ventures & partnerships to maximize the odds of success of an internationalization process.

Table 10. Mixed key success factors

	Key Factor	Author
Factors	Financial sources	Prieto, Sáez & Grover (2011)
	Public and private joint projects	ICTSD (1999)
	Trade facilitation in services	Prieto, Sáez & Grover (2011)

KEY SUCCESS FACTORS IN TRADE IN SERVICES

	Availability of financial and technology resources	Hung & Effendi (2011)
--	--	-----------------------

Key processes as a key success factor

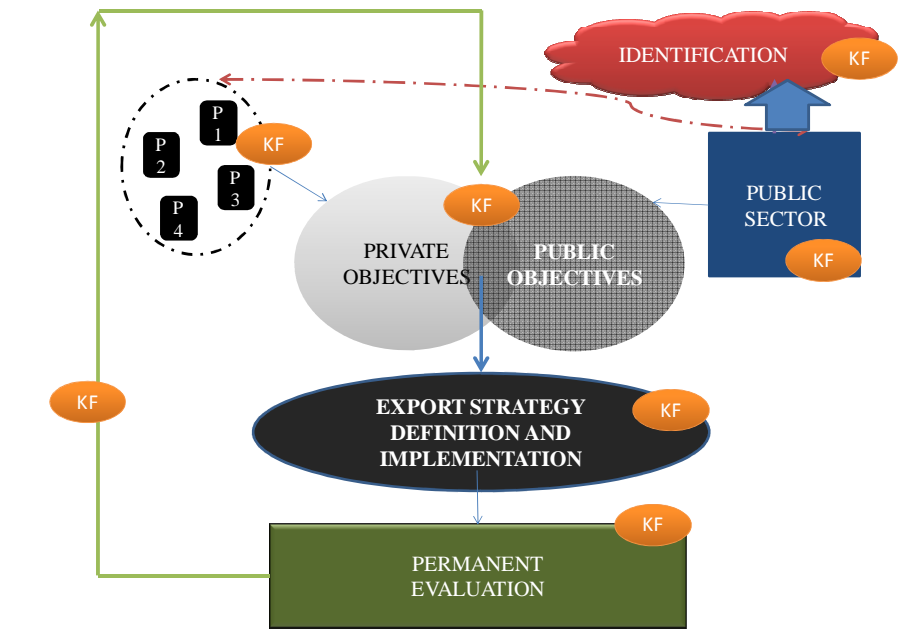
There are factors that impact the success of services trade, and although some of them seem to be found both cross industry and cross economies, most of them should be tailor made to each export plan. As seen before, services competitive advantages are dynamic, so one should not only rely on the past, but be able to adapt to the new circumstances and dynamics of the world economy.

In this context, the identification process of the relevant KSF for each situation becomes as important as the KSF themselves. The KSF relevant for each industry or firm will depend on a series of internal and external preconditions. Although there some common elements, every internationalization process differs from the previous ones having their own necessities. Therefore, the identification process of the relevant KSF for each sector is crucial for the success of the internationalization process.

As shown in Figure 1, there should be a common ground in which service exporters are willing to develop an internationalization plan and Government could visualize benefits. This search of coincidences has been demonstrated by empirical evidence that they could come for either of the sectors. Associativity and dialog between the public and private sectors is a KSF. In this context, they will be able to identify the relevant KSF for each category and in each stage of the internationalization process. Then they will design their own exports plans and the jointly strategies and their implementation.

Due to the dynamics of the world economy, this identification process becomes a never-ending loop, where each stage should be revised continuously to be able to compete in the global markets. The process implies for its permanent accomplishment a continue evaluation of the strategy and the public and private sectors involvement.

Figure 1. Key success factors identification process



Source: Authors

Future work

The internationalization of SMEs, in particular service exporting companies, has gained a great deal of importance for governments of various economies due to the role that these companies play in their development and the relevant number of employment that are created by them.

The development of public programs to support their internationalization must be essential in establishing a long term export strategy. For these reasons, it is key to understand the factors that contribute to the success in the export process in order to jointly collaborate with the private actors to develop the best possible strategies to ensure correct firms internationalization. Moreover, theoretical developments in international services trade research have not kept pace with rapid globalization of them; researchers should deepen

KEY SUCCESS FACTORS IN TRADE IN SERVICES

their works with empirical evidence. Research on these areas should be strength and promoted.

First, it is fundamental to develop a more thoughtful analysis about each of the key factors identified, testing them with empirical examples. Develop a cadastre of the services exports development by sector with special mentioned to that considered successful, and a list of best practices public or private amongst the APEC members.

Second, some of the key success factors are closely related to the inherent sector characteristics, seminars or workshops should be oriented to share experiences in sector KSF.

Third, the public-private dialog in different areas generates strategies and policy development that enhance the trade in service capabilities. Public-private partnership are fundamental for the export success, sharing experiences among the APEC community should be a priority. As it was shown during the seminar, public-private partnerships are essential for ensuring export success, particularly for SMEs services exporters.

Forth, even though work done in services is recent sharing results amongst other international organizations that work in this areas and developing joint strategies could be pertinent.

Finally, there exists an important lack of data, particularly at an economy level, on services exports, databases at economy level are basic for develop more research and design joint policy strategies. Need for more research at micro level and at micro-policies. If you can't measure you can't manage it.

References

1. Alhroot, H. & Alalak, B. (2010). An Evaluation of the Main Critical Success Factors of Tourist Destination Marketing. In *Interdisciplinary Journal of Contemporary Research in Business*. Institute of Interdisciplinary Business Research 315 April 2010. Vol. 1, N. 12.
2. Bianchi, C. (2008). Investigating the Main Barriers and Key Success Factors of Consumer Service Exporters: Lessons from Australian Tourism and Education Sectors. In *Proceedings 2008 PBFEM Conference*, Brisbane, Australia.
3. Bullet, C. & Rockart, J. (1981). A Primer on Critical Success Factors. CISR No. 69. Sloan WP No. 1220-81. Center for Information Systems Research, Sloan School of Management, Massachusetts Institute of Technology.
4. Caralli, R. (2006). The Critical Success Factor Method: Establishing a Foundation for Enterprise Security Management. *Report prepared for the SEI Joint Program Office*. Carnegie Mellon University.
5. Frazer, K. & Patterson, P. (1998). Determinants of export performance across service types: a conceptual model.
6. Globerson, S. & Zwikael, O. (2006). From Critical Success Factors to Critical Success Processes. In *International Journal of Production Research*, Vol. 44, No. 17, 1 September 2006, 3433–3449.
7. Hall Chris APEC and SME POLICY: Suggestions for an action agenda , University of Technology, Sydney .
8. Harben, G. & Ward, W. (2003). How Small Is Too Small? Firm Size as a Barrier to Exporting from the United States. *Journal of Small Business Management*, 41 (1), 68-84.
9. Hung, D. & Effendi, A. (2011). A preliminary study of top SMEs in Malaysia: key success factor vs government support program. Econpaper in *Journal of Global Business and Economics*.
10. Katsikeas, C.; Deng, S. & Wortzel, L. (1997). Perceived Export Success Factors of Small and Medium-Sized Canadian Firms. In *Journal of International Marketing*. Vol. 5. No. 4, 1997, pp. 53-72.
11. Kee Mui Hung, D. & Abdullah Effendi, A. (2011). A preliminary study of top SMEs in Malaysia: Key success factor vs. government support program. In *Journal of Global Business and Economics*. January 2011. Volume 2. Number 1.

KEY SUCCESS FACTORS IN TRADE IN SERVICES

12. Leonidou, L. (2003). Overcoming the Limits of Exporting Research Using the Relational Paradigm, *International Marketing Review*, 20 (2), 129-41.
13. Patterson, P. & Cicic, M., (1995). A Typology of Service Firms in International Markets: An Empirical Investigation, *Journal of International Marketing*, 3 (4), 57-83.
14. Raymond, M. & Mittelstaedt, J. (2001). Perceptions of Factor Driving's for Multinational Professional Services Firm in Korea. In: Asian dimensions of services marketing, Tang, E. Howorth Press. Inc. Pp 23 -30.
15. Seyoum, B. (2009). Export-Import Theory, Practices, and Procedures, Second Edition. By Routledge (Taylor and Francis Group). New York, USA.
16. Sichtmann, C. & von Selasinsky, M. (2010). Exporting Services Successfully: Antecedents and Performance Implications of Customer Relationships. In *Journal of International Marketing*. 2010, American Marketing Association Vol. 18, No. 1, 2010, pp. 86–108.
17. Sichtmann, C.; Griese, I. & Klein, M. (2007) Determinants of the international performance of services: a conceptual model. Freie Univ., 2007.
18. Smith, D. (2006). A Cross-Cultural Classification of Service Export Performance Using Artificial Neural Networks: Japan, Germany, United States. In *Journal of Global Marketing*, Vol. 20(1) 2006.
19. York P. (1988). Critical success factors. *Strategy & Leadership*, Vol. 16 Iss: 4, pp.20 – 23.
20. Qur'an, M. (2010). Determinants of Successful International Expansion of Professional Service Firms: A Case Study of Arabian Firms. *World Journal of Management*. Vol. 2 No.1 March 2010, Pp.65-80.
21. Vinh Q. L., Patterson, P. & Styles, C. (2005). Determinants of export performance across service types: a conceptual model. *Journal of Services Marketing* 19/6 Pp.379–391.
22. Winsted, K. & Patterson, P. (1998). Internationalization of services: the service exporting decision. *THE JOURNAL OF SERVICES MARKETING*, VOL. 12 NO. 4 1998, pp. 294-311