Proceso de desarrollo de exportaciones en servicios de exportación de PYMES: un intangible que promueve el desarrollo económico

Export development process in SMEs export services: An intangible that promotes economic development

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Resumen

Esta investigación describe el desarrollo del proceso exportador como un intangible que las empresas han sido capaces de crear. Ello ha surgido como consecuencia de un adecuado conjunto de elementos basados en recursos y capacidades/habilidades (Barney, 1991) que promueven la adaptación y la competitividad en los mercados internacionales (Chetty et al., 2000). Basado en un análisis cuantitativo de las empresas Pymes chilenas exportadoras entre 2006 y 2015 (1.375 empresas) es posible establecer que a pesar de la mejora en la participación internacional de estas empresas, éstas muestran un Rendimiento Exportador Dinámico (DEP en inglés, Peña y Torres, 2014) deficiente. Esta situación podría mejorar si hay políticas públicas adecuadas para este sector.

Palabras clave: Desarrollo del proceso exportador, Pymes, exportación de servicios

Abstract

This research describes the export development process as an intangible that firms have been able to create. This has emerged as a consequence of an adequate set of several elements based on resources and capabilities (Barney, 1991) that promote adaptation and competitiveness in international markets (Chetty et al., 2000). Based on a quantitative analysis of Chilean SMEs exporting services between 2006 and 2015 (1,375 companies), it is possible to state that despite their improvement in international participation, these companies show a deficient Dynamic ExportPperformance (DEP) (Peña y Torres, 2014). This situation could improve if there were adequate public policies for this specific sector.

Keywords: Export development process; Small and Medium sized enterprises (SMEs); Export services.

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INTRODUCTION

Service companies have increased their participation in the global economy, especially in emerging markets (World Bank, 2015). This situation is a consequence of changes in technology and a set of new skills and capacities in the people involved in business. Service firms have emerged with a set of innovative ways to promote new business models or business based on new platforms like mobile phones (apps). The impact that these companies have had on the global economy, has increased their influence on global GDP from 64% in 2000 to 68% in 2014 (World Bank, 2015). Furthermore, if we consider the Global Financial Crisis of 2008-2009, this sector proved to be less susceptible than the companies that export products (export services decreased 11%, while products decreased 23%) (Ariu, 2016). In this sense, the promoting of internationalization in SMEs from developing countries is a way to descrease inequality (Eclac, 2013). Therefore, an in depth analysis of the service sector could help to promote economic development.

The international behaviour of the service sector has been analyzed applying the concepts of traditional models based on manufacturing (Zahler et al., 2014). This presents a challenge in that the manufacturing and service sectors show both similarities and differences. It is possible to state that some differences are a consequence of different kinds of business models (Zott et al., 2001). Nevertheless, if this represents a key aspect in export performance then it is an unanswered question.

As a way of answering this question, this research describes the export development process as an intangible that internationalized firms have been able to create. This emerges as a consequence of an adequate set of several elements based on resources and capabilities (Barney, 1991) that promote adaptation and competitiveness in international markets (Chetty et al., 2000). To describe how this capability is evolving it is necessary to analyze it using a longitudinal approach to measure export performance. Traditionally, scholars have analyzed export performance as a point in time using an indicator as a proxy of the process (export intensity, etc.). In this research we have used data compiled by the Chilean customs agency, between 2006 and 2015, as a secondary source. Recently, the attention given to export services has increased. This has been due to at least three key factors. First, export services are an element of export diversification for many developing countries (Saez et al., 2010). Second, according to IMF balance-of-payments data, 70 per cent of mid and high income economies have seen their share of service exports in total exports expand over the last 30 years (Zahler et al., 2014) and third, the “Inmmunity” of export services to a global financial crisis has been recently demonstrated (Ariu, 2016). Due to these factors, the monotoring of the behaviour of export services is a crucial issue, especially in developing countries where they can be a way to promote growth and decrease inequality. Dynamic Export Performance (DEP) (Torres et al., 2014) describes a set of elements which explain the export development process. These elements are: export behaviour, FL & GL (foreign languages and geographical location) and level of exports. Doing a quantitative analysis, using SPSS, of Chilean SMEs exporting services between 2006 and 2015 (1.375 companies), it is possible to state that in spite of their improvement in international participation, these companies show little market diversification, export discontinuity and scarse export ‘volume’, which leads to a deficient DEP. These findings are described in depth in the fourth section of this paper, while the second section describes the conceptual framework and hypothesis, the third section defines the methodology while the last section describes a set of conclusions.

CONCEPTUAL FRAMEWORK AND HYPOTHESIS

Resources and capabilities and the export development process

The capabilities and resources used in the internationalization process can be described as an intangible asset within a company. According to the resources based-view (RBV) (Barney, 1991), companies emphasize firm-specific capabilities and assets and

the existence of isolating mechanisms as fundamental determinants of firm performance. In accordance with this definition and different studies on the resources that an export process needs (see table 1) as well as the set of elements which describe resources and capabilities (R&C), firms which have been able to go international have been able to do so because they have generated these and other R&C internally. All these aspects represent an intangible that allows a firm to be international. They become an intangible because they increase a firm's value.

Scholars all around the world have been educated in the paradigm of large firms, which possess many resources. For these kinds of firms internationalization is a natural path in their growth. An enigmatic situation emerged from SMEs. Theoretically SMEs are firms with scarce resources and capabilities to internationalize their products. Nevertheless, internationalization has become a common activity among SMEs (Knight, 2001).

Behavioural approach is based on decision in the firm (Cyert et al., 1963). This cognitive process inside human beings has influenced changes in firms because these decisions lead to some process inside the firm. This approach has been the most prolific in international business research, because it has the ability to explain and describe the process according to factors and stages. They have been widely studied by many researchers as a way of observing the internationalization process in firms, especially in SMEs (Ruzzier et al. 2006).

Table 1. Resources and Capabilities

Firm Global Strategies	International Market diversification	Branch development capability	Human resources management
Administrative heritance (Collins, 1991) Organizational practices (Tallman, 1991) Deal capability (Moon and Lado, 2000)	International business experience (Hitt, Hoskisson and Kim, 1997)	Subsidiary distinctive knowledge (Birkinshaw (1996) and Birkinshaw et al., 1998)	Model based on main office, branch and employee (Taylor, Beechler and Napier, 1996)

Source: Peng, 2001

Knudsen et al. (2002) describes the relationship between the RBV and the Dynamic capabilities approach in export strategy. According to these authors informational architecture is a key dynamic capability that emerges in exporting firms. RBV considers the analysis of which resources and capabilities are involved in the SMEs internationalization process (Westhead et al., 2001).

In summary, the Internationalization process in SMEs has been widely analyzed by many scholars increasing the complexity of the topic(Welch et al., 1993; Calof et al., 1995; Johanson et al., 1990). According to these authors the Internationalization process in SMEs is a consequence of a group of elements being present in these firms: networks, contacts, firm's operations, entrepreneurs, international environment, and resources (Ruzzier et al., 2006).

Most researchers of the export process

claim that once initiated this process is progressive and continual (Samiee et al., 1991). Nevertheless, in some cases the export process is discontinuous. According to economists this is due to changes in the initial conditions that promote exportation, for example: foreign demand, the exchange rate, among others (Dixit, 1989). They call this phenomenon 'hysteresis'. This explanation could be satisfactory for young exporter firms. Nevertheless, it is also seen in "old exporters" (Naidu et al., 1994; Katsikeas, 1995). This particular condition in the export process of some firms remains an unanswered question.

After the 1990s these paths became convergent (organizational theorist and economist). Due to the lack of a wide understanding of the export process through its different stages, researchers have changed from this approach to more relevant ones. Economic approaches, based on Behavioural theory and Resources Based View, have been the most influential. The export process is considered as a kind of internationalization analyzed using these approaches according to the measures of export performance.

Export performance[3]

Firm performance analysis is a consequence of the long influence of Contingency Theory in economist's organizational field research until 1970s (Donaldson, 1995). According to this theory when a firm has an adequate structure based on its contingent elements (external) it can achieve a good performance. Good performance guarantees firm survival. In the beginning, performance allows researchers to understand why some organizations fare better than others. This idea continues to be followed by many researchers, its attractiveness is the possibility of being able to indentify the factor involved in firm performance creation that could be imitated by others firms. Based on this point of view, knowing firm performance factors allows knowledge to be translated into action (Pfeffer, 1997).

Export Performance factors follow the firm's performance goals. It is broadly defined as the outcome of a firm's activities in export markets (Shoham, 1998). There is an increasing body of literature that addresses the issue of export performance (Cavusgil et al., 1994). Export performance is a widely analyzed topic because it is considered a way to measure export activity in the moment of analysis as a proxy of the export process. Tookey in 1964 was the first to try to identify factors which influence export success (Katsikeas et al., 2000). This topic has two sub topics: wchich elements lead to export activity and how to measure export performance.

Due to the various factors that promote export performance, there are many researches. From several meta-analysis it can be seen that they are focused on elements inside the firm, on the manager/entrepreneur and on the environment. Which capabilities are influencing the export process is a question which is continually under analysis. The researches have highlighted the difficulty of arriving at a set of standard factors due to the fact that the export process is contextual and every firm has different characteristics. With the passing of time and the emergence of new organizational theories several researchers have chosen RBV as a way of defining these factors. Ibeh (2005) through a meta-analysis has described the resources necessary in order to obtain export performance: Managerial resources, Physical resources, Organisational resources, all of them linked with relational resources.

There are many ways to measure export performance. Researchers have identified about 50 dimensions of export performance measures which are classified as either subjective or objective measures of export performance. Nevertheless, Leonidou et al. (2002) has identified that export proportion of sales (export intensity), export sales growth, export profit level, export sales volume, export market share, and export profit contribution are mostly used as measures of export performance. In another meta-analysis Katsikeas et al., (2000) arrived at the conclusion that: export performance measurement depends on a firm's specific conditions (experience, involvement,

3 "Convencional versus Dynamic measures of Export Performance" (Torres y Peña, 2014)

early or late stage, among others).

The lack of consensus about its conceptual and operational definitions leads to continual criticism. First, the Export Performance Index is a reference of the current situation. There are few longitudinal studies (Sousa, 2004). Hence, elements involved in export performance today may not be useful in the future. At the same time, this situation leads to a lack of predictive power. Secondly, this topic has an implicit idea of comparison. The best and the worst export performances could be constituted by a different set of determinants. These analyses generally assume export performance as a parameter without considering differences among firms. Almost all these studies are based on firms that belong to the same sector or industry. This situation has the implicit idea that all of them have the same export performance; therefore it is possible to find a set of determinants of export performance for that sector or industry. Nevertheless, this does not guarantee that firms with limited performance can imitate or achieve these determinants by themselves. As Sousa (2004) has highlighted export performance is an area resistant to conceptualization, definition and application.

The main cause for the lack of consensus in this area is due to firm heterogeneity (Knudsen et al., 2002). A variety of circumstances, age, size, entrepreneurial conditions, products, sectors, among many other aspects influence the firm, especially SMEs. This is observable because almost all research is based on the concept of industry or sector, albeit that firms within a sector or industry are also heterogeneous. Hence, it is also difficult to compare or extract valid conclusions about firms that show greater differences among themselves.

In spite of these problems, Export Performance is useful to determine export activity in a firm. The Export Performance measure shows the past in a firm. Through this analysis it is possible to determine which factors, within the firm, have been the most influential in a dynamic process like exporting. Nevertheless, there is no evidence that this same factor could be useful in the future. Firms are continually changing and adapting to their environment (Hall et al., 2005). In conclusion the SME export process is an inconclusive research topic because it does not have a set of concepts and related topics that allow to fully understand this phenomenon of study.

As a way to solve this situation a DEP (Peña y Torres, 2014) variable has been defined. This variable involves a way to measure export performance based on longitudinal data. One of the first researches using longitudinal dataset in Export Performance, Shoman (1998), claims that it is the consequence of a mix of firm's international sales composed of three sub-dimentions: sales, profit and export growth. Traditionally Export Performance is measured by one piece of data. This proxy of the export process has been widely validated by researchers. Nevertheless, in this research, this traditional index is complemented with a way to understand the changes and adaptation shown by firms in their export process. A dynamic approach to export performance is important because it allows for a greater understanding of the differences among firms. Firms show different export behaviours, different levels of export, different market diversification and different export intensity, thus, it is not possible to assume that one set of variables can explain export behaviour in all cases. Hence, DEP is a variable composed of export behaviour, FL & GL and level of exports.

Export behaviour

Export continuity or discontinuity is a scarcely analyzed condition in the export development process (Crick, 2010). Traditionally the export process has been considered as a continual process (World Bank, 1996). For their part, the International Entrepreneur is the mediator in export behaviour, between the business ecosystem and the firm (Torres, 2014). In the case of export SMEs the export process can be temporarily interrupted (Samiee et al., 1991), for one or two years, or interrupted permanently. This situation has been analyzed through a search for its causes (Samiee et. al, 1991; Katsikeas, 1995; Naidu et. al, 1994). According to Crick (2010) this situation is due to costs and competitiveness issues (disappointed firms). This scarcely analysed export behaviour

has been hidden because as researchers we usually look at only successful cases. Hence, in this research, export behaviour is described as continual (exporting for more than 3 years during the period under analysis) in some cases, while in other cases it is defined as a discontinual export development process. Each firm was classified as continual or discontinual in the period between 2006 and 2015. This variable in this research is named EB.

Foreign languages and geographical location (FL & GL)

While the export of products battles against long distances and for more efficient means of transport, services present at least two new challenges: cultural distance and specialized human resources. All these elements are contained in an old concept of internationalization research: psychic distance (Johanson et al., 1977). These authors describe it as the main barrier which exporters face when they decide to go abroad. Other authors (Zager et al. 2008) have conceptualized psychic distance as an individual perception and a subjective interpretation of perceived differences between local and external markets, "country familiarity". Nevertheless, this concept has opened a diverse discussion on the elements which promote or generate obstacles in exports (Dow and Karunaratna, 2006). Due to the lack of consensus on the correct definition and measure of physic distance, in this research, it is described two elements that are involved in the decision making process in international business: FL & GL. Taking these two elements into account, the countries, regions and different languages that internationalized countries must know in order to do business with and export to a foreign country have been classified (see table 2).

In summary, FL & GL is a variable that describes a total score that every firm achieves according to its market diversification (countries and regions) as well as simple cultural aspects like language. After this calculus, each firm was classified in three categories according to their results. Hence, each firm could have a low, medium or high FL & GL (Foreign languages and geographical location).

Level of exports

This depends on the level of exports in the same sector, and is measured by the median (over/under median) in each year of export. It was obtained the Median of export by year using SPSS. According to this value, it was classified each firm as over Median (200n) or under Median (200n) in each case. This variable in this research is named LE. (See table 3).

In summary all aspects involved in DEP, describe export activity as a whole:

DEP = EB + PD + LE

International commitment

From the seminal research of Johanson and Vahlne (1997), emerges the concept of international commitment and one of the most used export performance indicators, export intensity. This indicator has inspired a lot of research on international commitment, because it describes the importance that international markets have on firms, as well as how many resources are involved in the activity. We can say that this indicator shows the level of participation of foreign market sales in the total sales (total export/total sales). In this research, this indicator has been described through length of time exporting, number of markets that each firm is able to reach and export volume by year.

Thorugh DEP it is possible to compile information on how a firm is evolving in foreign markets. In this sense, we have measured this process by showing the behaviour of this intangible asset within the firm. These aspects have promoted routines and ways to manage a firm, defining different levels of international commitment. This influences on firm value creation (intangible asset). Hence, it is possible to define the following hypothesis:

H1: Chilean SMEs service exporters, according to the Dynamic Export Performance categories measured between 2006 and 2015, tend to export to only one market and for just a few years (international commitment).

Table 2. Composition of FL & GL

Concept	Categories	Values
Languages	Spanish English Other languages	1 2 3
Regions	South America Central America North America Europe Oceania Africa Asia	1 2 3 4 5 6 7
Countries	Name of each country: Peru, Bolivia, Argentina, USA, Spain, Germany, New Zeland, etc.	1

Source: Develop to this research

Table 3. List of variables and indicators

Variable	Indicator description	As named in the analysis
Export Behaviour	Discontinual/Continual (Exporting more than 3 years during period)	EB
Level of exports	Under export volume median / Over export volume median	LE
Foreign languages and geographical location	Foreign language (Spanish, English, others) Geographical location: Region (South America, Central America, North America, Europe, Africa, Asia, Oceania)	FL&GL
Dynamic Export Performance	Export performance measure based on indicators that describe export activity in a period: EB+LE+PD	DEP
International commitment		
Years exporting	Total years exporting by firms from 2006 to 2015	YEARX
Total markets	Total of markets (countries) exported to in 2015	TOTMK
Exports 2015	Total of export volume in 2015	USDFOB

METHODOLOGY

Variables and indicators

In order to test this study's hypothesis we have developed several constructs: Export behaviour (EB), Level of exports (LE), FL & GL, DEP composed of three variables: Years exporting (YEARX), Total markets (TOTMK), Export volume (USDFOB). These last three variables describe Export commitment (See Table 3). These variables and indicators have been used in order to test our research hypothesis. This research has used data from 1.375 firms which have exported at least once between 2006 and 2015.

Data collection

The variables under analysis obtain data from secondary sources (Chilean Customs Agency) and from documents produced by and studies carried out by the Chilean government and private institutions. From complete Chilean exports by year (2006 to 2015) we obtained the export Chilean services data filtering by tariff code. It has benn used this complete data set composed of monthly data for each Chilean export service firm: firm identification, export sales by country (USD FOB) and region. The Hypothesis was tested by linear regression using SPSS software.

RESULTS AND DISCUSSION

Descriptive results

Table 4 shows descriptive data of the firms under analysis between 2006 and 2015. According to this data the most market diversified year was 2012 with exports to 100 different countries by export service firms while in 2006 exports only reached 32 markets. On average, in this 10 year period, these firms exported to 3 different countries, showing a standard deviation of 6 countries (5.62).

Table 5 shows export volume by region of exportation. South America is the most important export region, while Africa is the least important. This descriptive result shows that the least FL & GL displayed by service exporting Chilean firms is in South America. Chile has free trade agreements or other different kinds of agreement with almost 90% of Global GDP, these agreements have allowed the country to have intensive trade with North America and Europe, second and third in level of exports in table 5.

It is important to highlight that DEP is analyzed from the total number of firms that entered and disappeared from international activity between 2006 and 2015, there were 1.375 firms in total. For example, in 2006 there were 257 Chilean export services firms and, out of these, only 180 continued exporting until 2015 (see table 6). The rate of entering or abandoning export activity during this period was 9.4%. 2007 shows the best rate of increased activity 31.5% while in 2012 there is a drop of 3.6%. This is an interesting rate for this kind of firm, because Chile shows a rate of 30% in abandoning export activity from one year to the next (Prochile, 2009). Hence, these kinds of firms show a rate of export perseverance greater than that of the common Chilean exporting firms.

Table 7 shows the descriptive statistics for the variables used in the hypothesis test. According to the behaviour in export activity between 2006 and 2015 it was possible to determine its DEP category using the total number of firms: 1.375, because this was a description of the variable as a whole. For the hypothesis test the total firms in 2015 (554) was used. Table 8 shows firms export continuity/ discontinuity and the level of exports: 55% of cases were continuous exporters which mean that in the 10 years period just over 1 out of 2 cases were able to continue exporting into the following year. In terms of level of exports, 58% of these firms, export under the Median of export by total number of firms in the year. Meanwhile, FL & GL shows 26% of the cases to be exporting to one market in South America (Spanish language) (low FL & GL), 24% to 1-5 markets in English (Medium FL & GL) and 50% of cases exporting to more than 5 different countries in English and other languages (High level of FL & GL) in the period under analysis (2006 to 2015).

Table 4. Total export markets (by country)

	2006	2007	2008	2009	2010
Mean	3,54	3,31	3,25	3,08	3,16
Des Vest	4,67	4,85	4,75	4,86	4,72
Min	1,00	1,00	1,00	1,00	1,00
Max	32,00	42,00	45,00	51,00	55,00

	2011	2012	2013	2014	2015	Mean 10 years
Mean	3,25	3,33	3,39	3,45	3,33	3,31
Des Vest	6,09	6,70	6,60	6,42	6,57	5,62
Min	1,00	1,00	1,00	1,00	1,00	1,00
Max	84,00	100,00	97,00	97,00	93,00	69,60

Table 5. Export volume by Chilean export services firms by year and region

USD FOB	2006	2007	2008	2009	2010
1 South America	140.672.335	249.972.954	472.910.457	423.670.913	551.254.467
2 North America	110.881.983	174.701.041	296.916.462	290.530.658	233.817.440
3 Europe	75.111.973	122.209.620	175.546.867	191.893.585	208.457.647
4 Central America	32.288.898	49.629.599	56.506.833	48.889.308	44.368.804
5 Asia	15.939.863	30.229.995	28.110.063	26.933.573	24.697.707
6 Oceania	9.170.323	7.414.297	5.359.967	2.132.751	1.275.994
7 Not classified	1.624.800	3.969.403	310.955	239.854	6.718
8 Africa	333.542	5.433.116	28.479.380	1.318.108	1.068.146
Total	386.023.718	643.560.024	1.064.140.982	985.608.750	1.064.946.924

USD FOB	2011	2012	2013	2014	2015	Mean 10 years
1 South America	609.009.948	650.037.019	718.346.279	812.281.048	630.290.849	525.844.627
2 North America	319.686.423	351.549.571	322.275.331	339.308.078	318.666.307	275.833.329
3 Europe	247.026.964	242.647.516	223.832.202	178.106.313	160.259.284	182.509.197
4 Central America	60.484.283	58.370.418	47.526.887	55.086.443	59.723.893	51.287.537
5 Asia	37.585.264	33.361.158	45.624.330	48.779.017	44.669.640	33.593.061
6 Oceania	1.777.674	6.341.560	2.495.744	6.132.010	2.033.325	4.413.365
7 Not classified	38	3.077	4.257	8.927	352	616.838
8 Africa	1.297.754	2.159.379	864.873	1.919.963	1.106.138	4.398.040
Total	1.276.868.347	1.344.469.698	1.360.969.903	1.441.621.799	1.216.749.787	1.078.495.993

Table 6. Variables descriptive statistics

	2006	2007	2008	2009	2010
Total firms from 2006	257	221	213	211	194
Abandon exportation (Group come from 2006)		36	44	46	63
Total firms by year	257	338	413	459	468
New firms by year		81	75	46	9
Annual rate		31,5%	22,2%	11,1%	2,0%

	2011	2012	2013	2014	2015	Mean 10 years
Total firms from 2006	200	191	186	186	180	204
Abandon exportation (Group come from 2006)	57	66	71	71	77	
Total firms by year	507	489	490	536	554	451
New firms by year	39	-18	1	46	18	
Annual rate	8,3%	-3,6%	0,2%	9,4%	3,4%	9,4%

Table 7. Variables descriptive statistics

	N		Mean	Median	Std. Deviation	Minimum	Maximum
	Valid	Missing					
FL&GL	1,375.00	-	5.09	5.00	3.65	1.00	18.00
EL	1,375.00	-	0.17	-	0.38	-	1.00
EB	1,375.00	-	0.35	-	0.48	-	1.00
DEP	1,375.00	-	2.76	3.00	1.09	1.00	5.00
YEARX	554,000	-	3.27	2.00	2.66	-	10.00
MARK2015	554,000	-	1.29	-	4.47	-	93.00
USD_FOB	554,000	-	472,934.20	189,750.55	634,126.29	550.00	132,997.56

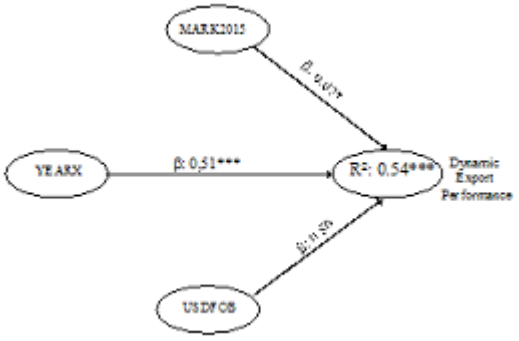
Table 8 Dynamic export performance
(only level of exports and export behaviour)

Firms exporting 2015			
Continuous exporters	55%	Lower Median	26%
		Above Median	29%
Discontinuous	45%	Lower Median	32%
		Above Median	13%

Hypothesis testing

The linear regression hypotheses test R2 result was 54% (see figure 1). The main influence was time exporting (YEARX) while export volume (USDFOB) was not significant. Market diversification shows a significant weaking. According to this result it is possible to not deny the hypothesis test.

Figure 1. Linear regression hypotheses test



Source: own elaboration.

Discussion

This exploratory analysis of the export development process of export service firms shows that DEP has been a useful tool for finding Chilean SMEs that demonstrate export behaviour: this describes exports according to continuity/discontinuity, market diversification and level of exports in comparison with the sector. Maybe, if these firms were to incorporate more resources and capabilities in this activity (Ibeh et al., 2005) they would show an improved level of export performance. We have measured this commitment in terms of time exporting, market diversification and export volume, with only the first two aspects proving relevant. This is important to the literature on international business as this adds to Crick's (2010) argument about the discontinual export process being primarily caused by added costs and competitiveness. This research added two new elements export perseverance and market diversification. Both are closely connected because market diversification generates export perseverance. Hence, once firms promote market diversification they can increase their years of exporting. At the same time, market diversification depends on the resources and capabilities involved in this activity. The export development process is a capability that generates an intangible asset in a firm, but according to this analysis it has not been successful in every case. It will be considered that a company become international if it exports to one country for a long time. Nevertheless if the export process wants to generate value added to firms, it requires a high level of commitment, especially in terms of market diversification. In the less developed countries, the lack of commitment could come from the lack of financial support from banks for the international operations of SMEs, a lack of specialized human resources and international financial crisis which expose small firms to high volatility in the exchange rate. In summary, a lack of international marketing strategy by each firm.

CONCLUSION

Chile seems to be a successful example of internationalization economic policy (Buchi, 2008). This result has important chilean public policy consequences. Chile has promoted many international free trade agreements but it is also important to promote a Business Ecosystem which permanently supports SMEs, according to their specific needs, not only the signing of agreements. Chilean SMEs exporters require specific public policies for two reasons. First, a third of firms that export one year doesn't continue in this activity in the following year (Prochile, 2009). In the case of Chilean export services, it is almost 45%. Therefore, it is important to support these firms in order to reduce this rate. Secondly, no more than 1% of Chilean companies are exporters (ECLAC, 2013). In this case, only 554 firms exported services in 2015. The level of commitment in international activity shown by these firms, according to this research, is comprised of time exporting and market diversification if they are to achieve a good level of export performance. Thus, it is important to define public policies focussed on maintaining exportation over time and also to support these firms in diversifying their markets, with both aspects functioning

together in order to improve their international activity. Promoting this kind of specific public policy impacts directly on employment generation, firm value creation and helps promote long life in young firms. All these elements benefit economic development as a consequence of intangible promotion development in international business within SMEs from the service sector.

From this exploratory research it is possible to define at least three new researches: determine differences in international behaviour of service sector SMEs, according to their specific business model and main activity: culture, technology, data center, engineering, cleaning, financial services, etc. Are there some differences in their international behaviour? Secondly, the manufacturing sector in developing countries tends to consolidate locally, then look for international customers. Is this behaviour the same in the SMEs service sector? and finally, in refernce to market diversification barriers, which public policies would promote this sector, in the short, medium and long term?

Due to this research being based on a quantitative data set, it was not possible to find a specific reason for why SMEs in the service sector generate a deficiency in DEP. Nevertheless, this opens new lines of further research on the same sector using qualitative analysis.

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