Services account for around two-thirds of the world economic output and the total trade in services in 2009 was estimated to be around one-fourth of the world merchandise trade. Despite the service sector’s important position in world business, research on services internationalization lags behind that of manufacturing. Professional services are more important than other services in today’s globalized business scenario and are growing remarkably faster than manufacturing and other service industries in most countries. However, research on internationalization of professional services does not reflect the industry’s important position in global business.

Distinctive features of services like intangibility, inseparability, perishability, heterogeneity, etc., and in particular for professional services like high degree of customization, knowledge intensive and people centred nature make international marketing of professional services more complex and potentially more challenging than marketing goods or general services internationally.

India’s export of engineering & technical consultancy services is a fraction of its exports of software & IT enabled services (38 per cent in 2008–09). In spite of the edge India enjoys due to its large engineering talent pool, lower manpower cost, English language and IT capability, it seems majority of engineering consultancy services firms are not marketing their services internationally and the sector is under-represented in India’s services export.
There is no research reported in the literature that brings out differences between exporters and non-exporters of professional services taking into account the influence of business networks and social networks / personal contacts of firm’s senior managers. There is in general, a paucity of research in the literature on different aspects of internationalization of professional service firms in the last decade or so.

This research seeks to examine major differences between exporters and non-exporters of knowledge intensive professional services and hence understand the major impediments that must be overcome to encourage more Indian professional services firms to enter foreign markets. Various research hypotheses are developed that may differentiate between exporters and non-exporters and empirically examined through a survey of 167 Indian engineering consulting firms. Principal export motivations among exporters and ranking of different external support systems to may help firms market their services in the international arena are also examined.

More than two-thirds of the firms surveyed were not exporting. It is found that exporting firms invest greater time, energy and resources to develop international business relations with an eye on future business potential. This ‘proactive intent’ or ‘emphasis’ on establishing and developing international business relations is found to be an important differentiator between exporters and non-exporters. Secondly, it is seen that senior managers of exporting firms provide unique network connections through their personal / social contacts enabling the firm to exploit foreign business opportunities. Senior managers of non-exporting firms seem to have limited international contacts that possibly hamper their ability to exploit international business opportunities.
Exporting firms are on an average larger (employ greater number of professionals) i.e. firm size differentiates between exporters and non-exporters. However, it is found that firm age (years in business) does not differentiate between the exporters and non-exporters. It is also found that senior managers of exporting firms are positively inclined towards international activity i.e. managerial attitude towards exporting differentiates between exporters and non-exporters. Senior managers of exporting firms perceive benefits of exporting to be higher and risk / costs involved to be lower than non-exporters.

Senior managers of exporting firms perceive the barriers to exporting to be lower on many counts as compared to their non-exporting counterparts. i.e. managerial perception of barriers to exporting differentiates between exporters and non-exporters. ‘Psychic distance’ is found to be an important barrier to exporting for engineering consultancy firms. Examination of export motivations among the exporting firms shows that it is made up of both ‘proactive’ and ‘reactive’ elements. It seems that the export motivation elements are more proactive in nature than reactive. However, the conclusion in this respect is equivocal. It is also found that the export motivation elements are more ‘market seeking’ in nature than ‘client following’ ones.

Exporting firms were asked to rank various support systems that will help them to market their services in the international arena. (i) ‘Promoting the Indian service sector brand image’ secured the top rank followed by others like (ii) Foreign market intelligence. (iii) Financial support to bid for international projects. (iv) Directory of Indian consulting firms circulated in foreign chambers of commerce. (v) forming Consortia to bid for international projects etc.
Important implications for managers and theory are drawn from the research conclusions. A framework is proposed (see Figure 1) to present the various differences between exporters and non-exporters of knowledge intensive and people centered professional services. Secondly, an integrative model is proposed for the internationalization of such professional service firms (Figure 2). Also a useful framework is proposed to depict the possible sources of managerial contacts for network building (see Figure 3).

Some of the recommendations suggested are consultancy. Firm's top management should recognize that business network development must be an ongoing activity and a critical component of the firm's overall internationalization strategy. Firm's senior managers should proactively seek to build overseas business networks to aid the internationalization of their firms. Secondly, firm's top management should seek to hire those senior managers who by virtue of their international experience and contacts can help the firm to obtain international assignments. Some novel suggestions are extended for network building, like sharing of international business network resources between firms on a quid-pro-quo basis, tapping into the Indian Diaspora to enter country specific business/social networks, and seeking entry into country specific important business networks (e.g., Guanxi's in China, Chaebol's in S Korea, Keiretsu's in Japan etc.).

Managers in non-exporting firms are encouraged to view the benefits of exporting positively and take a measured view of the risk and costs involved in exporting. Secondly, firm's top management should strive to inculcate among their managers various facets of 'cultural sensitivity' to mitigate the effects of cultural differences between home and export markets (Psychic Distance).
Smaller firms need to develop domain expertise and offer niche services to mitigate the disadvantages due to their restricted resources. One way is to hire retired industry experts with deep knowledge and experience in a particular field. Various other implications and practical suggestions are made in the thesis.

This research examines the differences between exporters and non-exporters within one professional services industry, i.e., engineering consulting, and in one country, i.e., India. Testing the validity of the findings would ideally necessitate replication of this research within other countries and/or other professional service industries. Realistically, nonetheless, generalizations of the research findings may be applicable to other knowledge intensive and contact-based professional services, of which there are many. However, in spite of these limitations, this research enables us to advance the body of knowledge of a relatively unexplored issue, i.e., differences between the exporters and non-exporters of knowledge-intensive professional services like engineering consultancy service.

**Key word(s):** Engineering Consultancy, Service Export, Professional Service, Business Network, Social Network, Internationalization
Fig. 1: Framework presenting the main research conclusions

- H1: Show a proactive intent for developing international business networks
- H2: Social networks & personal contacts of senior managers
- H3: Larger Firm (more number of full time professional employees)
- H4: Managerial attitude towards exporting (View benefits > than risk & costs involved)
- H5: Managerial perceptions of barriers to exporting
- H5C: Psychic distance between home & export markets
- H6: Managerial perceptions of competitive intensity in home market
- H7A: Motivations for exporting are more proactive than reactive

Strong support
Weak support
Fig 2: Proposed model for the internationalization of professional service firms

**Firm specific factors**
- Firm size
- Firm industry
- Years in business
- Competitive advantage

**Managerial factors**
- Global mindset
- Risk attitude
- Foreign experience
- Entrepreneurial orientation

**Environmental factors**
- Competitive intensity
- Cultural factors
- Country of origin effect
- Govt. policies / incentives

**Motivators**
- Growth & profitability
- Risk minimization
- Client following
- Export commitment

**Information sources**
- Business networks
- Social networks
- Govt., trade associations
- Media

**Enablers**
- Management orientation
- Financial resources
- Human capital
- Foreign partners

**Decision to export**

**Export barriers**
- Travel & work restrictions
- Different language & culture
- Lack of market knowledge
- Political & financial risk
- Lack of resources

**Outcomes**
- Market knowledge (+)
- Financial effect (+)
- Business network (+)
- Cultural learning (+)
- Export experience (+)
Fig. 3: Possible source of contacts for network building

- Possible source of contacts
  - Private contacts
    - Family members, kinships
    - Social contacts
    - Participation in industry fairs, exhibitions etc.
    - Presentations at conferences, seminars etc.
    - Advertising, publication of articles etc.
    - Direct marketing activities
  - Professional contacts
    - Referrals from clients, associates etc. (past / present)
    - Third parties like - professional bodies, government organizations, institutes & universities, search consultants, trade promotion organizations etc.
Figure 4: Two dimensions of the variable 'Emphasis on Establishing & Developing International Business Relations'

- **Emphasis on Establishing & Developing International Business Relations**
  - **Effort**
    - Assign responsibility within the firm to manage business relationships with overseas clients
    - Regularly communicate with overseas clients/associates
    - Scan specialized foreign journals and trade publications
    - Attend technical conferences and seminars in foreign countries for business networking
  - **Resource Commitment**
    - Visit industrial fairs and exhibitions in foreign countries
    - Advertise in foreign trade journals/publications
    - Undertake regular visits to foreign markets in order to assess business opportunities
    - Use third party organizations