Reassessing product inseparability and its impact on a firm’s entry mode choice – service delivery via trans-human exports

ABSTRACT

Product inseparability has been highlighted as a key determinant affecting entry mode choice of firms. Inseparability has thus been cited as a reason for firms adopting various forms of direct entry modes to access international markets. However, the nature and extent of client firm interaction, which is embodied as the essence of inseparability, has rarely been examined in the international business literature. Based on a qualitative case study of nine international firms, the paper examines the impact of the nature and extent of inseparability has on a firm’s internationalisation strategy. The study indicates that inseparability may not necessarily require a direct and permanent presence in an international market and there could be different ways and requirements of delivering any attribute or activity that is deemed inseparable. Accordingly, a firm may choose an entry mode that is consistent with its long-term planning, resource-availability and allocation and the extent of inseparability within its product mix.

INTRODUCTION

Researchers in international business have traditionally acknowledged that the inseparability of production and consumption, or a high level of interaction between the provider and the user, may require a direct presence in a foreign market (Bryson, 2001; Cicic et al., 1999; Erramilli and Rao, 1990, 1993). Product inseparability has thus been put forward as a justification for firm’s ‘leapfrogging’ internationalisation process model stages and entering markets by undertaking direct investment rather than exporting.

Similarly, theories explaining direct investment also highlight the significance of inseparability on a firm’s internationalisation. Transaction cost analysis argues that international service activity, requiring a significant amount of interaction and customisation, has greater transaction costs (Brothers and Brothers, 2003; Kotabe and

Murray, 2004). Accordingly, these higher transaction costs encourage firms to internationalise through direct investment.

However, other researchers have questioned whether interaction has to occur throughout the entire service encounter, with implications for how a firm may decide to deliver its product in international markets (Hirsch, 1988; Lovelock and Gummesson, 2004; Stare, 2002; Vargo and Lusch, 2004; Wyckham et al., 1975). Lovelock (2000) and Vargo and Lusch (2004) for example, agree that inseparability is a dangerous 'oversimplification' as a service characteristic as different degrees of inseparability may apply along the supply chain. Hirsch (1988, 1989), providing the example of consultancy, shows that delivery of a service may not require constant interaction, as a number of elements (e.g. research, report preparation) do not require interaction. Ball et al. (2008), Roberts (1999), Stare (2002) state that inseparable service delivery can be in a form of 'service exporting' with the movement of the firm's employees to the firm's clients for a period of time.

The contention of the current paper is that firms will carefully assess the degree of the inseparability of their product package before they determine an entry mode strategy. Although direct investment is an entry mode option, the nature and extent of a product's inseparability may give the firm alternative entry modes in the form of 'trans-human' exports.

INSEPARABILITY AND INTERNATIONALISATION

Proponents of services marketing have emphasised that services contain qualities that distinguish them from goods (Berry, 1984; Carmen and Langeard, 1980; Gronroos, 1978; Shostack, 1977). The four characteristics of intangibility, heterogeneity, perishability and inseparability are frequently mentioned. Of the four, inseparability is cited as being especially important and has received a substantial amount of attention. As defined by Lovelock and Gummesson (2004:29) the inseparability of production and consumption is linked to the concepts of interaction and the service encounter:

> A simultaneous production and consumption process involving such factors as the presence of the customer, the customer's role as co-producer, customer to employee and customer to customer interactions (it) is readily observable in many service environments and can form a critical distinguishing property between goods and many types of services

However, as Sanchez-Peinado et al. (2007) point out, classifying services can be a perilous task. Although the division of services, between those that require some form of client and firm interaction and those that do not, is well established Prahalad (2004) and Lovelock and Gummesson (2004) acknowledge that there can be multiple approaches to interaction. Early research by Chase (1978, 1981) developed the concept of the 'customer contact' approach, in which the degree of direct contact with the customer enabled the categorisation of service activities into pure services, mixed services and quasi manufacturing. Crucially, Chase (1981) conceded that individual categories can involve a mixture of both high and low degrees of contact.

Hirsch's research (1988, 1989, 1993) stresses that interaction can occur in different degrees. He argues that many services do not require continuous interaction between the producer and the consumer throughout the entire production or service delivery process. Hirsch defines the extent of interaction in a service as 'intensity'. Hirsch (1989:49) explains:

> Interaction can vary in length, it may be continuous or it may be interrupted by one or more intervals. It may take place at the beginning or at the end of the process during which the service is being rendered.

Significantly, Hirsh's research looks at different degrees of customer interaction occurring within a single framework, rather than dividing customer and firm interactions into individual categories, based on industry or product classifications.

Understanding the nature of service characteristics has long been a dominant research field in the entry mode analysis of firms (Boddewyn et al., 1986; Clark et al., 1996; Lovelock and Yip, 1996; Sampson and Snape, 1985; Vandermerwe and Chadwick, 1989). The 'hard' and 'soft' service distinction developed by Erramilli and Rao (1990, 1993) largely builds on earlier divisions of services between those that are 'location bound' and those that are 'tradable' (Boddewyn et al., 1986). Their classification has been accepted by most academics as a valid, if somewhat simplistic, explanation of service types (Bouquet et al., 2004; Bryson, 2001; Cicic et al., 1999; Clark et al, 1996; Coviello and Martin, 1999; Ekeledo and Sivakumar, 1998; Javalgi et al., 2003; Murray and Kotabe, 1999). A hard service has both a manufactured good component and a service component. The good component of a hard service is incidental to the service, often serving as a storage medium or a vehicle for transmission. A hard service can be delivered to the user without the movement of the producer to the consumer. Ekeledo and Sivakumer (1998) point out that 'hard' services and manufactured goods tend not to differ in entry modes while soft services do. Bouquet et al. (2004), state that soft services are location-bound and their production and simultaneous delivery rely on the skills, talent and knowledge of a firm's employees that are not easily transferred to different organizational or social contexts.

However, the hard and soft distinction is still considered limited. Stare (2002) offers a further category of ‘quasi-soft’ services to accommodate the inclusion of those services, which can be exported by the movement of consumers or by the movement of employees. In this case, the firm may not have an ongoing physical presence in a foreign market (Ball et al., 2008). It can rely on its staff to travel to the client and deliver the service directly. This additional classification is consistent with the work of other researchers who explain that services can be embodied in people for delivery to clients (Ball et al., 2008; Coviello and Martin, 1999; Grubel, 1987; Hill 1977; Orava, 2002; Roberts, 1999; Segebarth (1989). Table 1 highlights those researchers who have developed potential entry mode options based on personnel transfer.

TABLE 1 – CLASSIFICATION OF SERVICE DELIVERY MODES BY CROSS BORDER TRANSFER

AUTHOR	CLASSIFICATION	DESCRIPTION
Segebarth (1989:268) *Some aspects of international trade in services: an empirical approach*	'Temporary relocation of producers'	Takes place for transactions individual producers abroad, for which a temporary presence is necessary
Aharoni (1993:6) *Globalisation of professional services firms*	'Permanent or temporary relocation'	An employee of the firm moving temporarily or permanently to the place where the consumer is located
Clark et al. (1996:12) *Towards a theory of international services: marketing intangibles in a world of nations*	'Contact-based services'	Services cross national boundaries in the sense that people (producers or consumers) move into or out of a nation to engage in transactions
Roberts (1999:73) *The internationalisation of business service firms: a stages approach*	'Trans-human exports'	Services may be provided to an overseas client by personnel travelling to the client
Stare (2002:81) *The pattern of internationalisation of services in Central European countries*	'Quasi-soft services'	The inclusion of those services which can be exported either by the movement of consumers or by the movement of natural persons
Orava (2002:237) *Globalising medical services: operational modes in the internationalisation of medical service firms*	'Person-based mode'	An operational mode that is strongly person dependant and is reflected on a significant level of personal expertise
Ball et al. (2008:422) *Rethinking the paradigm of service internationalisation: less resource-intensive market entry modes for information-intensive soft services*	'Embodied people exporting'	Information intensive soft services can accomplish market entry by locating staff in the host country on a more temporary or flexible basis

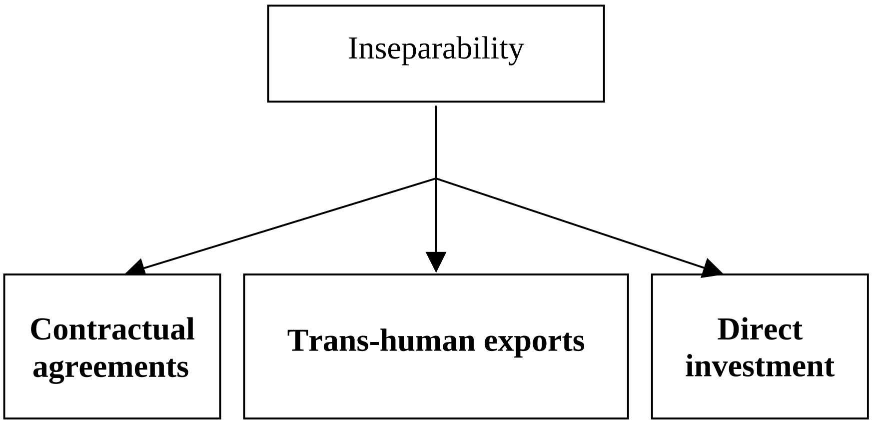
Such classifications yield insights into the internationalisation options chosen by different firms. The nature of inseparability taking different forms or degrees of intensity within a single framework has rarely been acknowledged in internationalisation literature (Ball et al, 2008; Hirsch, 1989; Jack et al., 2006, 2008). Ball et al. (2008) explain that the prevailing assumption is that inseparability implies a need for a permanent presence in the host country. It is often assumed that a ‘soft’ or inseparable service cannot be ‘exported’ and has to rely on contractual methods (licensing and franchising) or foreign direct investment as entry modes (Hirsch, 1988, 1989, 1993; Stare, 2002).

Stare’s (2002) clarification of ‘quasi soft’ services implies that interaction between the firm and its consumers can be achieved by a form of exporting through the movement of the firm’s employees for periods of time. Therefore, it is assumed that an important factor for firms to consider is the degree to which the production and consumption of the service can be spatially separated during the service encounter or service delivery process (Ball et al., 2008; Buckley et al., 1992; Coviello and Martin, 1999; Orava, 2002; Roberts, 1999). Ball et al. (2008) have termed this form of service delivery ‘embodied people exports’. Roberts (1999) used the term ‘trans-human’ exports.

The prevailing assumption in these classifications of service exporting is either the delivery of the service to international clients has a preset timeframe, or the service delivery process can be broken down into time periods where interaction is required and other times when it is not.

Trans-human exports are thus a method to service individual markets (Ball et al., 2008; Robert, 1999). Figure 1 highlights the potential entry mode options available to the firm based on the previous analysis.

FIGURE 1 - INSEPARABILITY AND INTERNATIONAL MARKET ENTRY



As the nature of internationalisation is complex, it is assumed that firms will give very careful consideration to the degree of the inseparability of their product. Accordingly, firms may assess the nature of their product inseparability before they determine the type of entry mode used in international markets. A permanent and ongoing presence in a market may not be a necessary requirement for the delivery of inseparable services.

RESEARCH METHODOLOGY

The current research seeks to explain the role of inseparability in determining the foreign entry mode strategy of firms. To achieve this objective, the methodology must be one that lends itself to both exploration and theory building. This objective makes qualitative research a particularly attractive research tool as it seeks to explain the relationship between the inseparable components of a firm’s product and its entry mode choice. It is a complex phenomenon. Understanding such an intricate relationship calls for direct contact with the respondents. The aim is to build on existing knowledge and to interpret strategy formation and implementation in a real life context, but without specifically excluding any variables at the outset (Yin, 2003). The approach allows for an open and flexible investigation to be conducted with the aim of developing new insights into product inseparability and firm internationalisation.

The context of the study is important here. The qualitative method allows researchers to understand the context-specific depth of a phenomenon (Bamberger, 2000). This method also allows the researcher to investigate a contemporary phenomenon (product inseparability) within its real-life context (firm internationalisation) (Yin, 2003). As such, it is likely to provide a better understanding of the dynamics of the entry modes pursued by firms. A qualitative, case study-based research technique using in-depth, face-to-face interviews can provide a rich, focused and realistic account of the impact of inseparability on a firm's entry mode strategy.

As internationalisation is a complex phenomenon, it is difficult to understand the intricacies of the firm's situation without being directly in contact with the respondents. The researchers have therefore chosen to use the case study method. The result of this on-going contact provide 'rich descriptions' essential for analysis.

Researchers have described the case study as a potentially powerful method of identifying and testing patterns across studies (Amaratunga and Baldy, 2001; Gummerson, 2000; Larrsson, 1993). According to Feagin et al. (1991) and Hamel et al. (1993), multiple case studies have distinct advantages in comparison to single case designs. Yin (2003) argues that evidence from multiple cases is often considered more compelling and the overall study is therefore regarded as being more robust. Multiple case studies, like multiple experiments, allow replication logic. The multiple case study approach is useful for the current research, in that it allows firms with different products to be chosen as individual cases for analysis.

Although there is no ideal number of cases, Eisenhardt (1989) advocates a range of at least four to a maximum of ten. A number of organisations such as Austrade and Australian Business in Europe were approached to assist in identifying potential case study firms. Nine firms agreed to participate in the study and this allowed for some comparison between firms. The firms varied somewhat in size but averaged about 200 employees and offered a diverse range of products.

The Chief Executive Officer or designated managing director was interviewed to explain the firm's current product focus, how the firm has approached internationalisation, and the role that product inseparability has played in that process. Functional managers in the areas of business development, marketing and operations were interviewed to ascertain how components of each firm's product are delivered internationally.

The interview protocol was designed to gather information in relation to the nature of product inseparability and internationalisation. It sought to understand whether firms assess the degree and intensity of their product inseparability when they make entry-mode decisions. Interviewees were asked to explain the degree of inseparability of each of their product offerings. Subsequently, the CEOs were asked whether the degree of inseparability, had an impact on the company's existing foreign markets entry-mode choice.

A total of 31 interviews were conducted with senior staff. Interviews typically lasted 60 minutes and were recorded and transcribed. All data were coded in Nivo software. Individual case studies were reviewed by case participants. All interviewees were sent a copy of their transcribed interview for validation. This process, which Flick (1998) calls 'member checks', allows communicative validation of data and interpretations with participants of the study. After all individual case studies were written, a cross case analysis was conducted to synthesise the findings from all nine cases. Analysis was conducted primarily through pattern matching logic (Yin, 2003).

ANALYSIS OF RESULTS

Table 2 lists the case study firms and provides an overview of each firm's product (as defined by each CEO) and the entry mode used to delivery its product to international markets.

TABLE 2 - PRODUCT DEFINITION AND INTERNATIONALISATION

I	II	III	IV
Firm	**Product composition definition**	**Type of services provided**	**Entry mode choice for delivery of product**
Company A	'Gluten free foods'	N/A	Exporting
Company B	'Brewed soft drinks'	N/A	Exporting Direct investment
Company C	'Fabrics of quality'	Written guarantees	Exporting Direct investment (Showrooms)
Company D	'Building products for our clients' success'	Design, maintenance	Exporting Direct investment (Manufacturing facility) Trans-human exports
Company E	'Building kilns and partnerships'	Installation, commissioning, maintenance	Exporting Direct investment (Manufacturing facility) Trans-human exports
Company F	'Idea to market'	Sales process, design, maintenance	Exporting Direct investment (Sales and Marketing office) Trans-human exports
Company G	'Leading engineer solutions'	Consultation	Exporting
Company H	'Helping businesses and governments make successful policy and strategy decisions'	Consultation, implementation, training	Exporting Trans-human exports
Company I	'Solution provider'	Installation, consulting, training, maintenance	Direct investment (Office) Trans-human exports

First, respondents were asked to detail the product that they provide to their clients in international markets. These are listed in Column II. Respondents were then requested to identify their firm's client related service activities. These responses are listed in Column III. Companies A & B did not identify any client related service activities as part of their product offerings. In the case of Companies C, D, E, & F the services identified formed an essential part of a 'product package' and were required to support the development or utilisation of a good. For Companies G, H & I the services activities listed comprised their product.

In identifying these service activities respondents were asked to explain whether there was a need for the firm to directly interact with its clients to deliver these services. Five firms (Companies D, E, F, H & I) stated that the services listed in Column III required the firm to interact directly with its clients in international markets. The Marketing Manager of Company D explained:

> It does require a significant amount of interaction. In Asia we're currently using the Hong Kong office as the hub. If you say you are going to provide the service to ensure the reliability (of the product) then clients like to see people (staff) on the ground.

The Operations Manager of Company E further stated:

> Because it is a service, it is very much about people and relationships, so the whole selling process and the whole operating process is very much a one to one type of arrangement.

The CEO of Company I:

> Most of it is face to face - you have to meet the key players or stakeholders and people who are going to run the system, help set-up their core project office team and so forth. So there is a lot of interaction

Company C citing 'guarantees' as a service, did not define it as an activity requiring the firm to interact with its clients to ensure delivery. Company G, although defining its service as ‘consultation’, reported that ongoing interaction with international clients was not required. This was explained by the CEO:

> Our product is one where we can do it entirely remotely from the client. It is rare where it is an absolute necessity for the client to meet face to face, other than for comfort value. That is about as far as it goes - we often don’t need to get on a plane -sometimes we do, depending on how close it is to move from a vague enquiry to a ‘hot’ prospect. But even then it is usually not necessary because the client can say -‘we know about you, we have spoken to you’ and so on.

However, respondents made it clear that the extent and nature of firm/client interaction can vary. For some firms their service activities can be broken down into both inseparable and separable components, thereby providing some similarities with Hirsch’s (1988, 1989, 1993) and Ball et al. (2008) assertion that many services do not require continuous interaction between the producer and the consumer throughout the entire production or delivery process. The Operations Manager of Company F explained:

> Our work tends to go in three discrete phases-the front end is highly interactive, where you are really defining what it is you are trying to achieve and what you are going to do. The middle bit, which is implementation which is just doing it and can in fact de done relatively remotely. The final bit is where, if this is the first time you have done something, is very interactive again as well and is usually on site.
>
> So you have these two pillars, at the front end and the back end which are very ‘on-site’ and intensive. Now when you are doing that off-shore you are looking at the issue of how you are going to have to deal with people for weeks or months overseas interacting with clients. For example, the work we do can start on 1st August and finish on 1st January and at that point, when we finish, we do hand something to the client, who then leaves with it and may never have to come back. In that sense it is separable, but within that 6 month period in between you must work together intimately. So we are very intimate, but over a defined time period.

This diversity of individual product development was also emphasised by Company H:

> Most of our work could be from two weeks to two years in length. The overseas jobs range from maybe a training course in Indonesia, to a job where one staff person based themselves overseas with other staff being churned through. So they are either really small, so you can get it, do it and get out again, or there maybe 3-9 months duration where you can see the end of it. If it was going to be a situation where we did have to commit people for five years, then the dynamic of planning your resources would be completely different.
>
> We do have a flexible approach on this basis, and the tacit knowledge in the place is very strong and there is good interchangeability between the players in the team. So we do want a permanent opportunity for people to do an overseas assignment, but there will always be these broad based, ad hoc opportunities and we will always be able to service them from any of our offices in Australia.

Finally, the Director of Company I stated:

> We have a six step methodology where we will sit down with people and analyse what their needs are and then you tailor the system, train the people and get them up and running and then hand it over. The six step methodology is actually six phases and each phase has a lot of steps in it. That process normally takes about 8-12 weeks depending on the size of the company.
>
> In terms of the length of the implementation process, that is purely dependant on the job and the client, but the biggest challenge that we have is making sure that if it's required we have a continuous presence on the ground with the customer. And we did an implementation in Nigeria, where we were flying consultants in and out like 6 weeks on 4 weeks off. So the challenge is to continue the momentum of the implementation of the services.

This response indicates that, although delivery of the Company's I product package requires interaction, differences in the length of the implementation process makes it possible for the firm to service market like Nigeria from Australia via staff travelling, at varying intervals, from Australia to Nigeria.

Table 3 replicates Columns I – III of Table 2 above and includes two additional columns. Column IV shows the reliance on trans-human exports for the delivery of the each firm's inseparable product characteristics. Column V details the geographic location for each firm's product delivery.

TABLE 3 DELIVERY OF INSEPARABLE SERVICES AND TRANS-HUMAN EXPORTS

I	II	IV	V
Firm	**Service classification**	**Reliance on trans-human exports**	**Geographic location for product delivery**
Company C	*Guarantees*	No	United Kingdom Europe
Company D	*Design, maintenance*	Yes	Hong Kong
Company E	*Maintenance, installation, commissioning*	Yes	Malaysia, China North America
Company F	*Sales process, design, maintenance*	Yes	North America
Company G	*Consultation*	No	Various – depends on the location of the client firm
Company H	*Consultation, implementation & training*	Yes	Gulf States
Company I	*Installation, consulting, training, maintenance*	Yes	New Zealand Malaysia Nigeria

Five of the firms (Companies D, E, F, H & I) listed in Table 3 rely on their head office staff to deliver services directly to their overseas clients. For example, in the case of Company H, the consultation process for its clients in the Gulf States, which represents the largest share of its international sales revenue, is delivered by staff from its head office in Melbourne. For varying periods of time, relevant staff will travel directly to the client and gain the input necessary for the firm to develop its final product. The Managing Director of Company H explained the rationale for this approach.

> So in terms of delivery, in Australia we have credibility and there is a certain threshold in terms of what you can expect from consultants in our field, given that we have an identified brand in Australia. But international environments, especially the Middle East, the trust really isn't there, so it is more hands on. The clients tend to be less familiar with what sort of product we will be delivering. So it more intensive and more interesting for the staff, but probably less rewarding financially in terms of margins, but this does depend on the contract.

Company E uses trans-human exports to service emerging export markets in North and South America. In this case, installation, commissioning and (some) on-going maintenance support is provided by staff traveling periodically to these overseas locations and remaining for brief periods of time.

> Although we make them, they have to be installed they have to be commissioned, and it's that service support that attracts our attention all the time. We have quite a requirement for staff that have to travel, and typically you get younger people, who are prepared to travel and are happy to travel.

Company F also provides some of its inseparable services from its head office, with its Sales and Marketing office in the USA being mainly responsible for sales and marketing activities in that region. In certain markets, a direct presence has been used by the firm to assist in the delivery of some or all components of their product package. Newly developed markets can be serviced by a combination of exports of their product offering and the associated inseparable services. In these examples, the services are delivered by trans-human exports.

For Company I. the process of product delivery is more complex. The product offerings of this firm, including the majority of its services, are inseparable. The delivery of the product package is the joint responsibility of their subsidiary operations and head office staff. For a relatively small firm like Company I, this arrangement creates a need to consider a more focused approach to internationalisation and to concentrate on developing selected markets close to their headquarters.

> It does and it is also the length of the communication chain because, if I have to hop on a plane and be somewhere in 8 hours that is not a long flight. But if it is 24 hours then those communication links become longer and you do take those into consideration as well. So if we are looking at other markets that we would consider-it could be anywhere that I could get on a place and be their within 16 hours. Anything longer that would be unmanageable.
>
> And of course this also applies to the provision of the back-up service. If I have to resolve a problem and I need to fly someone from here, then even with an 8 hour flight, I am looking at

> a minimum of 3 days notice. You can go back to the customer and say this, and sometime they can live with that; but if you are looking at 4-5 days notice and flight time then if becomes a stretch in terms of the relationship-so this becomes a consideration as well.

This potential trend was also highlighted by the Operations Manager of Company E

> At the moment (international) customers are quite happy to have our guys fly out from here; they are quite happy for us to say 'we can have a guy there in two days'. And they say 'well that's fine - fantastic' and we can carry on that way. But as I said, the world is becoming a smaller place and expectations will start to get to be 'why can't I have someone here by the end of the day'. And once that expectation gets implanted we will have to react to that. And with the USA that is sort of what their expectations are at the moment-its instantaneous 'we want it now!'

Company D makes an active effort to try and minimise the call on maintenance staff travelling to international markets

> If we have a maintenance contract then of course, we will be proactively addressing those issues before they pop up. If we haven't then it tends to be that we are reacting to feedback from the customer. Which is not a bad thing, as if we are having a regular interface which we do have with the customer, and they are questioning the product then that's just a natural flow of information, that we would look to address.
>
> Naturally, if there is an issue with a product being used by a number of different customers, then we will follow that up with all customers. We have an Executive General Manager for Services who has a team spread all around Australia, who are continually travelling into the international market place.

DISCUSSION AND IMPLICATIONS

The current paper seeks a greater understanding of the nature and extent of product inseparability and how it determines the entry mode choice of the firm. International business literature tends to adopt a dichotomous approach to services: they are separable or inseparable. The case studies reveal that services can be both separable and inseparable at different stages in their provision.

Firms can consider a variety of entry mode choices to deliver inseparable service activities that form part of their packages to clients. They carefully assess the nature and extent of the inseparability of their package to determine the most appropriate manner for its delivery, which also takes into account the firm's resources.

Inseparable services such as installation, commissioning, client consultation, training and software integration all have pre-determined time-frames for completion. Although these service activities are inseparable, location bound and, therefore, can only be performed by each firm directly interacting with their clients, the inseparable component of their services is of a short-term nature. Consequently, it is within the ability of each firm to supply part of their inseparable offering via trans-human exports.

The decision to deliver these services from head office has resulted in these firms selecting markets where head office support can be provided more effectively. The interviewees stated that the need for head office involvement was a factor in determining the extent of their overseas operations. They explained that there is a logistical difficulty in supplying head office staff to an overseas location on a regular basis. Although each firm wanted to deliver the full value of their product package locally, such a commitment has the potential to place a considerable strain on their human resources. However, travel can be managed if the overseas location is within a 'short' flying distance from Australia. For example, for the senior management of Company I, a traveling time of 16 hours is acceptable in terms of a timely delivery of service. However, according to the CEO/Managing Director(s), distance was a factor in the choice of overseas markets. It was difficult for domestic staff to either provide or assist in the delivery of inseparable services, consistently, in international markets that are a significant distance from Australia.

These firms also emphasised the importance of being able to respond quickly to any client issues or concerns. The travel delays that would result from delivering this service by staff in Australia are considered unacceptable by senior management. The clients concerned value a quick and efficient response. Recognising this option allows for a more realistic understanding of firm internationalisation.

IMPLICATIONS FOR FUTURE RESEARCH

During the course of this research, it has become apparent that firms are likely to adopt different entry mode choices depending on the nature of the different elements of their product. As the literature explained, existing studies of entry mode choice by firms have largely examined service internationalisation from the perspective of separability or inseparability. The current research has commenced a discussion that attempts too enhance the understanding of the nature and extent of service inseparability.

The research has been limited to a qualitative study. Research could form the basis of a quantitative research study in the future, allowing researchers to apply its findings over a broader range of firms. Many of the case study firms were SMEs. The results show that smaller firms with product packages containing inseparable components may have difficulties delivering their product package consistently to geographically distant international markets. Research into larger firms with similar types of product packages would be useful. In addition, further insights could be gained by exploring research into firms located in different geographic regions (such as Asia, Europe and North America). Analysis would provide some insight into the relationship between the inseparability of a firm’s product package and its selection of international markets.

LIMITATIONS OF THE CURRENT STUDY

The current research examines the use of trans-human exports for service delivery in international markets. Although nine case study firms participated in the research, and represented a broad range of industries, the research makes no claim that the practices identified are characteristic of the internationalisation strategies adopted by firms generally. While a qualitative research approach was suitable the focus on a finite number of respondents constrains the applicability of the research across different industry categories. However, a careful selection of case study firms across a number of industry categories has helped minimise this limitation.

An interview-based, qualitative study provided the data necessary for an in-depth account of the research problem. However, due to the nature of the responses from individual managers, personal perceptual biases may have resulted. The researcher endeavoured to keep such perceptual biases to a minimum by following a systematic research protocol and including a semi structured questionnaire. Interviewing several senior managers from each organisation allowed the researcher to cross check the validity of the data.

Further, seven of the case study firms operated in ‘business to business’ markets. In these markets, relationship strategies, and an emphasis on firm to firm interaction, are common. Consequently, the firm’s ability to deliver its inseparable services to a smaller client/customer base is a factor in their entry mode options.

Although the depth and richness of the data collection process enhanced the analysis of the research question, the small sample size of nine firms limits the generalisability of the study.   Given key limitations, the research has endeavoured to achieve the best possible outcome.

CONCLUSION

The literature review explained that researchers have questioned inseparability as being a 'unique' characteristic applicable to services Inseparability can vary with respect to length, can be broken up into intervals and may only need to take place at the beginning and the end of the service delivery process.   Despite this analysis, international business researchers have assumed inseparability to require a permanent and on-going market presence.

To examine this context more thoroughly, nine in-depth firm case studies were undertaken. An analysis of the data indicates that inseparability may not necessarily require a direct and permanent presence in an international market. In addition, there could be different ways and requirements of delivering any attribute or activity that is deemed by the firm to be inseparable. Hence, even in the case of products containing inseparable services, decision about entry mode remains a strategic concern for a firm. Options are available and firms will choose the entry mode that is consistent with their long-term planning, resource-availability and allocation and the extent of inseparability within their product mix.

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