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INTERNATIONALIZATION AND FIRM PERFORMANCE FOR INTERNATIONAL GROWTH: EMPIRICAL EVIDENCE FROM PUMP &MOTOR MANUFACTURERS OF COIMBATORE

Dr. G.Jayanthi

[1]*Assistant Professor, Department of Management Sciences, SNR Sons College, Coimbatore 641 006, Mobile : 9194427 38561.Email : jayanthi1973@hotmail.com*

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Abstract

This article proposes an extension of the internationalization and firm performance relationship to include the firm's specific advantages and performance indicators. Certainly, the suggested framework is not holistic since various factors, both internal and external, affect the outcome of internationalization. As this article provides a theoretical advancement in international growth and will stimulate for further investigation of how internationalization affects a firm's organizational behavior towards performance. The analysis in the paper is based upon data gathered through personal interviews and mail surveys had with the executives of 143 Coimbatore Pump and motor manufacturers. The study reveals that there exists significant association between performance variables and growth. The overall international growth can be achieved by increasing firm specific advantages like, innovation, adaptability, employment of skilled man power, setting of research and development centers etc for internationalization. Also it is found that growth is connected with performance indicators like increased sales volume, profit, asset value and enterprise value. All these variables are analysed by using statistical tools of finding mean score and to find relationship among the variables for knowing the firm growth.

KEY WORDS: Growth, Internationalization, Performance, SMEs,

INTRODUCTION

Internationalization is an outward activity of a firm by adapting and transferring the resources of a firm from home country to host country. As part of their growth strategy, especially SMEs choose to expand their geographic scope from domestic market to foreign markets. International expansion is an important decision for small and medium enterprises who have limited finance and having a domestic focus with less resources. The expansion of SMEs is reflected in increasingly active role in international markets, management's involvement in international business and commitment shown. Exporting activity has a positive effect on the relationship between SME's foreign activity, profit and firm growth. Export is the basic and popular mode of foreign entry of SMEs. Exporting is relatively an easy mode to enter into foreign markets with low resource commitment and risk. Exporting (selling directly or through sales agents) is the main mode of internationalization employed by these firms. In turn, a higher sales volume provides the possibility of a higher production and production capacities to meet the market demands.

It is clear from the previous literature that, Internationalization has a positive link between the firm's growth in terms of sales, international operation and its reportedly superior performance by higher quality products, market expansion and profit maximization.

Industry Profile

According to industry estimates, India produces 1.2 million pumps of various kinds. There are around 800 large, medium and small units producing pumps for sectors from agriculture to nuclear power generation. Indian pump manufacturers are able to meet most of the domestic market demand. Exports have registered an 11 percent growth in the last two years. Coimbatore is a multi sectoral district with various industries. The City houses large number of small scale engineering companies. The first motor to be manufactured in India came from a small engineering shop in Coimbatore. Today, the pump and motor manufacturing sector is among the largest engineering activities in the city. The pump manufacturing industry in Coimbatore holds a major portion of the total Indian market share. Over the years, the city has become as well known for its pumps as it has for its textiles. Many brands in the international market are Coimbatore based companies and the quality and technical superiority of the products has helped the sector cater to both domestic and global demands. Apart from a leading presence in the water pump market, the city's manufacturing houses also specialize in the manufacture of industrial pumps. Coimbatore meets 40 % of the Indian pump supply and significantly contributing to the exports of pumps and motors. Coimbatore is also to be the Pump city of Asia and has set a bench mark for the pump exporters. The small and medium sized enterprises located in the district. There are almost 15 international players who are dominating the export market of India.

LITERATURE REVIEW ON PERFORMANCE INDICATORS

It also been proven that increased internationalization results in improved profitability. (**Gerlinger *et al.*, 1989)**. The neo-classic perspective emphasizes rationality as the foremost driver of internationalization presupposing that managers behave rationally and base their decisions on economic efficiency (**Forsgren, 1989)** In a country where the domestic market size is small, internationalization is an important growth strategy (**Sapienza, Autio, George, & Zahra, 2006**)**Christopher Robertson, Sylvie K. Chetty(2000)** in their article, posits that each firm's export performance is independent on the context in which the firm operates and gets the knowledge. Their study uses contingency theory to establish if there is a relationship between export performance and the level of firm between a firm's strategic orientation and its context.

Antonio Majocchi, Antonella Zucchella(2003) studied and investigated the relationship between Internationalization and performance. They suggested that performance is not determined by export intensity and the number of international agreements, but by the ability of the firms to gain access to specific markets. Moreover their study tend to investigate that performance tends to suffer when SMEs internationalize through foreign direct Investment. In their finding they suggested that a liability of foreignness effect at the outset of International expansion. However this negative effect can be offset by the international competencies that SMEs develop through intense export activity.

Previous research has shown a positive relationship between general knowledge and firm performance. In a study of corporate performance of Japanese companies, **Delios and Beamish (1999)** found that geographic scope (measured by the number of subsidiaries and countries invested abroad) is positively related to firm profitability. **Zhou, Lianxi; Wu, Wei-ping, Luo, Xueming (2007**) offers a social network explanation for the purported relationship between internationalization and firm. The results imply that international business managers should

consider social networks as an efficient means of helping internationally oriented SMEs to go international more rapidly and profitably.

An organization's performance can be assessed by financial and non financial measures. For organizations in the private sector, financial success is the only long term guarantee of survival. The non financial indicators include market share , product quality and Brand recognition. According to the authors, the financial indicators include, sales turnover, earnings per share, assets turn over, return on capital employed. **(David Williamsan *et al* 2006**). While recent research has investigated how the performances of international operations are affected by entry mode, length of operation in a host country, prior international experience of the parent company and multi nationality (e.g., Gomes/Ramaswamy 1999), and found no published study has examined the performance impact of organizational learning within the context of the incremental model.

Geographic expansion is one of the most important paths for firm growth. It is a particularly important strategy for SMEs whose business scope has been geographically confined **(Barringer and Greening 1998**). Internationalization is the extent to which a firm is involved in international business.

Competitive advantages and performance

International business researchers agree that in order to be successful in international business, international firms should develop specific competences that are relatively unique and inimitable, in order to maximize their utility for international performance (Barney, 1991; Penrose, 1959; Nelson, 1991, Wernerfelt, 1984). Based on the notion of firm specific competencies, an assumption in most prior research is that firms go abroad to exploit strategic assets, that they command, and take advantage of market imperfections **(Dunning, 1980**). It is these strategic resources that the big, older, and established firms typically have relied upon to drive their performance in international markets. The specific competitive advantages followed by specific firms are identified.

Effect of internationalization on SME performance

Bloodgood *et al.* (1996) opine that international operations are required to be competitive in the market by acquiring international expertise, technologies, and innovations. Internationalization provides SMEs, the avenues for knowledge growth, capability development and revenue enhancement which reinforce their competitiveness. Internationalizing firms report superior performance is a widely received thought. This view is widely assumed but it has not been clearly stated/ validated by various academics and practitioners (EIM, 2005). A review of the evidence indicates no consistent linkage between an SME's international operation and its reportedly superior performance. Also there is no consensus regarding measurement of internationalization performance (**Katsikeas *et al.*, 2000**). The different performance indicators used makes it difficult to compare various studies. The results may also be influenced by the industry sectors and the time frames studied.

Therefore, **macroeconomic indicator**, such as yearly national export growth in a given industrial sector could be the predictor of Internationalization. "The total number of international potential buyers met in the last 5 years" which could be a good predictor of internationalization but will be also strongly correlated with firm entrepreneurial behavior, since the more entrepreneurial the international venture, the greater the number of potential buyers

met. One can hypothesize that once a firm experiences rapid growth in terms of sales, it is more inclined to take risks, or even to be more entrepreneurial.

RESEARCH METHODOLOGY

Sampling Frame: The Coimbatore District is the third largest Industrial district in the state of Tamil Nadu. This district consists of a Network of a large number of Textile Mills, Engineering Industries especially Micro, small and Medium sized Enterprises and agro based Industries. From the sources, it was identified that 270 firms are effectively exporting their products to various countries. The sample chosen for the study is 143 exporting companies from both pump and Motor manufacturing Industry. Out of which 70 companies are the listed member companies from EEPC (Engineering Export promotion council). The firms involved in exporting of pumps and motors does not mean all are water pumps. This may include Automobile, Water pumps, Agricultural pumps etc. and one time export consignment were also included as exporting firms. Few companies were also considered from the list since those firms are Multi nationals and having subsidiaries in India

Simple random sampling method was used to finalize the list of selected SMEs for the study. A published table was used to select the sample size.

Area and Period of study – The survey was conducted during the period of March – June 2012 in Coimbatore.

Instrument for the study*:* A structured questionnaire was used as primary instrument in collecting the data. Personal interview and mail survey methods were used to collect the data.. The Entrepreneurs, Marketing heads and Export managers of 143 firms were included for the study and based on the result the study was extended to the proposed sample size. Likert scaling and semantic differential scaling were used for the measurement of variables. The analysis of the study was done through SPSS software. The results are based on the statistical tools of one way Anova, Freidman test of mean ranks with chi square, correlation and the cross tabulating of variables.

OBJECTIVES & HYPOTHESES

The main objectives of the study are as follows :

1. To find the firm specific advantages of internationalization will lead to firm performance and international growth.
2. To assess the export trend of the firms for finding the international growth of the select pump and motor industries.
3. To identify the overall performance indicators (increased profit volume, sales volume, asset value and the enterprise value) are associated with firm performance and growth.
4. To find the association between demographic factors (firm specific advantages) and the overall international growth of firms.

Following are the hypotheses of the study.

Ho(1)There is no significant difference between mean ranks towards Organizational Performance in Exporting

Ho(2)There is no significant difference between mean ranks towards assessing performance of the exporter

Ho(3)There is no significant difference between mean ranks towards rating export trend of the Company

Demographic Factors

Ho(4)There is no significant association between the designation of the respondents and International Growth of the firm.

Ho(5)There is no significant association between Number of countries exported and the International Growth of the Company

Ho(6)There is no significant association between Number of years of Experience in International Markets and the International Growth.

Ho(7)There is no significant relationship between the level of growth of export and the level of performance in International markets

EMPIRICAL REVIEWS

The analysis and interpretation is based on the statistical tools, which are Freidman test of mean rank, correlation and Oneway Analysis of variance.

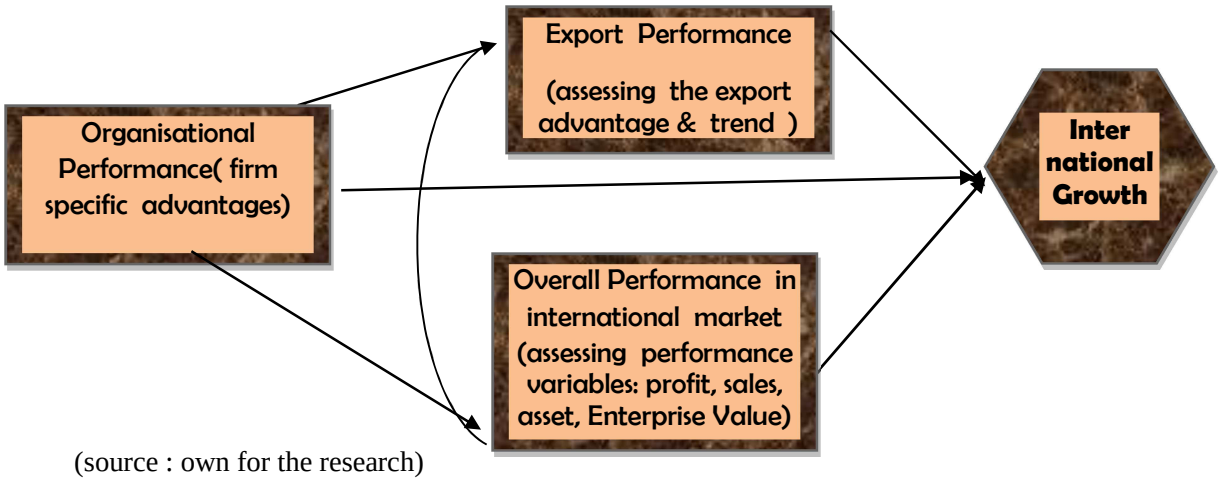
ORGANISATIONAL PERFORMANCE, EXPORT GROWTH & ASSESSMENT

The performance of the selected industry is measured to assess the growth of the firms under study pertaining to post internationalization process To analyse the performance the following three factors are considered. From the study, the performance of the selected industry is measured through the following factors towards the international growth of the firm.

- ✓ Organisational assessment & performance
- ✓ Export performance
- ✓ Overall performance in International Markets

It is depicted in the below diagram.5.1

Fig 5.1: Performance and Growth



(source : own for the research)

ORGANISATIONAL PERFORMANCE

The organizational performance is related with the adaptation of the firm towards internationalization i.e, a firm should internally internationalize for performing international activities. The company should adapt quickly to foreign requirements, innovation, appointment of skilled staff, resource commitments etc.

Organisational performance related to firm specific advantages.

Firm specific advantages are unique to each firm relating to the length of time taken for adapting to foreign activities. From the responses received from the respondents to find out whether the firms have changed and adapted towards the foreign specifications, quality certifications, employment of skilled labourers, skilled staff etc., the extent of change and adaptation has been assessed.

Table 5.1.1: The organisational performance of the firm

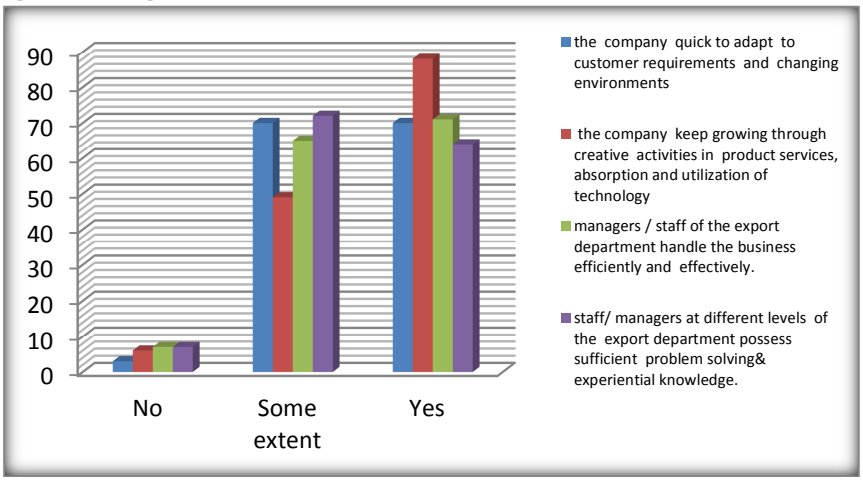
S.No	Organisational performance	No		Some extent		Yes		Total	
		Count	%	Count	%	Count	%	Count	%
1	the company quick to adapt to customer requirements and changing environments	3	2.1	70	48.95	70	48.95	143	100
2	the company keep growing through innovation in product services, absorption of technology	6	4.2	49	34.27	88	61.54	143	100
3	managers / staff of the export department handle the business efficiently and effectively.	7	4.9	65	45.45	71	49.65	143	100
4	staff/ managers at different levels of the export department possess sufficient problem solving& experiential knowledge.	7	4.9	72	50.35	64	44.76	143	100

(Source : Primary data)

The respondents registered the organisational performance of their respective companies.

From the above table 5.1.1, majority of the companies have positively answered that their staff/ managers are contributing towards the growth of exports in their company. 61.54% have confirmed that the firm has been continuously involving in innovation and adoption of technology.

Fig. 5. 2: Organisational Performance



Mean ranks towards organizational performance in Exporting

H_1: There is no significant difference between mean ranks towards Organizational Performance in Exporting

Table 5.1.2Mean ranks towards Organizational Performance in Exporting

S.No	Organizational Performance	Mean Rank	df	Chi square value	P value
1	Is the company quick to adapt to the changing environments and customer requirements	2.48	3	11.477	.009**
2	Does the company keep growing through creative activities in products services, quality, absorption and utilization of technology according to the demand.	2.7			
3	Do managers / staff of export department handle the business efficiently and effectively	2.47			
4	Do staff/ managers at different levels of export department possess sufficient experiential knowledge and problem solving knowledge	2.35			

(Source : Primary data) (** p <0.01)

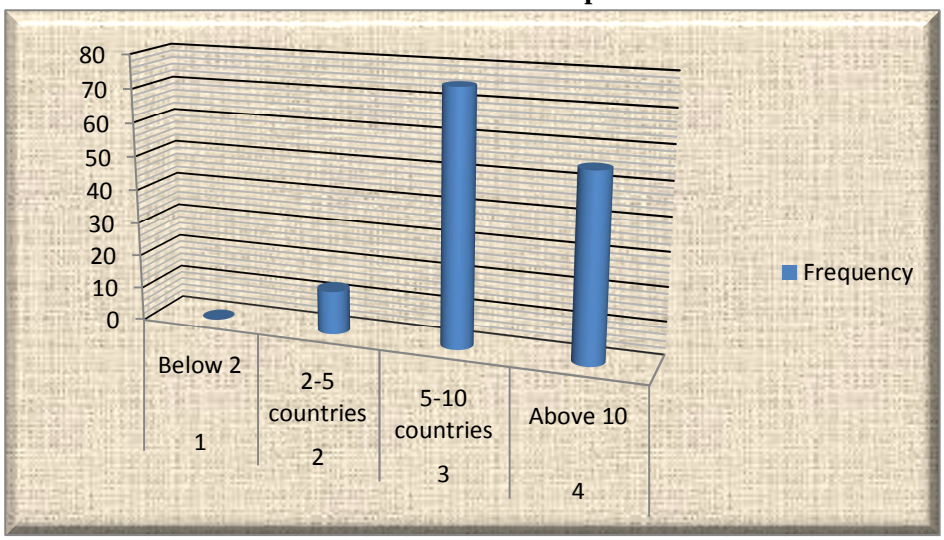
From the result of Freidman test, as observed in table 5.1.2, the chi square value is 11.477 at 3 degrees of freedom and the p value is 0.009 which is significant at 1 percent. Hence

the null hypotheses gets rejected and there is significant difference between the mean rank of organizational performance factors. Most of the companies have adequate experiential knowledge either by the promoter or the exporting manager to operate internationally. The firms are utilizing the resources and adapting themselves to the foreign markets due to the need of expansion in international markets.

Number of countries exported

It is observed that, Number of countries exported by the selected industry is also an indicator of organisational growth.

Fig 5.3
Number of Countries Exported



From the frequency analysis, the above diagram 5.3 shows a 52 % (75 firms)of the firms have explored in international markets in 5-10 countries. This shows a significant growth in performance by the selected firms contributed by the increase of experiential knowledge.

ASSESSING THE EXPORT ADVANTAGES AND TREND

Ranking of assessment of the firm's export performance variables

Firms internationalize in order to capture the potential profit opportunities apart from their home market or to withstand its competitive pressure, i.e. factors that influence the firm to internationalize also contribute to its increased profitability. It was in other words assumed that the more international/global a firm is, the better is its performance. It was found that the process of internationalization has lead the firms to better performance, increase in profits and sales turnover.

Table 5.2.1: Assessment of the company's export growth variables.

S.No	Export growth variables	Mean	SD	Rank
1	Profitability on Export	4.55	0.5	2
2	Export sales as a % of total sales	4.35	0.674	3
3	Market diversification	4.22	0.644	4
4	Export growth revenue	4.71	0.579	1

(Source : Primary data)

From the above table 5.2.1, the respondents were asked to answer how important are the above criteria in assessing the performance of the company. Almost all the mean score values shows an equal contribution of the export growth variables. Export growth revenues shows the high mean score of 4.71 and export profitability shows the next mean score of 4.55.

Mean ranks towards assessing performance of the exporter

H_2:There is no significant difference between mean ranks towards assessing performance of the exporter

Table 5.2.2 :Mean ranks towards assessing performance of the Exporter

S.No	Assessing performance of the Exporter	Mean Rank	df	Chi square value	P value
1	profitability on Exports	2.64	3	64.626	.000**
2	Export sales as % of total sales	2.30			
3	Market diversification	2.05			
4	Export growth revenues	3.00			

\(Source : Primary data) (** p =<0.001)

From the result of Freidman test, as observed in table 5.2.2, since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that there is significant difference between mean ranks towards assessing the performance of the exporting firm. Based on mean rank almost all the performance measurements such as sales, growth, profitability and market diversification shows a mean score of ranging between 2.00 to 3.00. Hence the impact on all the variables in assessing the performance of the company are important. Among these variables, Market diversification shows a mean score of 2.05 which is ranked as 1 and the assessment of the performance of the firm is based on market diversification.

Export trend

The below table 5.2.3 shows the export trend of the select industry.

Table 5.2.3:Descriptive Statistics of Export performance

S. No	Export performance	not so good	Not good	average	Fairly good	Very good	total
1	5 years ago	6	41	89	7	0	143
2	At present	8	122	19	0	0	143
3	3 years from now	59	67	17	0	0	143

(Source : Primary data)

From the above table 5.2.3, it is clear that the export performance of the selected SME sector is finding lot of problems such as, fluctuations in electricity which affect the production, price rise of raw materials, increasing cost of internationalization, maintenance of R & D and hiring skilled employees were some of the challenges faced by SMEs of Coimbatore. The responses for the current trend seems to be not satisfactory.

Fig 5.4: Export Trend

From the above diagram 5.4, it is clear that, 5 years ago, their export position was average and expected to be very good. Three years from now, the expected position seems to be good

Mean ranks towards rating export trend of the Company

H_3: There is no significant difference between mean ranks towards rating export trend of the Company

Table 5.2.4: Mean ranks towards rating export trend of the Company

S.No	Rating export trend of the Company	Mean Rank	df	Chi square value	P value
1	5 years ago	1.31			
2	At present	2.12	2	147.942	.000**
3	3 years from now	2.57			

(Source : Primary data) (**P<0.001)

From the result of Freidman test, as observed in table 5.2.4, since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that there is a significant difference between mean ranks towards rating of export performance of the Company. The chi square value is 147.942 at two degrees of freedom and the p value is 0.000. Hence it is lesser than the p value of 0.01 and its is significant at 1 percent level. So, the null hypotheses gets rejected and it is concluded that there is a significant difference between mean ranks towards rating export performance of the Company.

OVERALL INTERNATIONAL PERFORMANCE:

Financial Assessment of Growth variables

The growth variables such as, asset value, profit growth, sales volume, share of export sales against domestic sales, share of profit from International growth and finally the enterprise value were taken for assessing the total performance of the company. Out of 143 companies, only 58 companies have given the growth data for finding the performance of the company. The international export performance for 5 years (2006-2011) were collected from 58 firms. The results of relationship with the performance indicators are shown below.

Table 5.3.1: Firm's Export Performance Variables for the year 2006-2007

CORRELATION	Asset value	Profit growth	Sales volume	growth of enterprise value
Asset value	1	.996(**) 0	.991(**) 0	.978(**) 0
Profit growth		1	.990(**) 0	.989(**) 0
Sales volume			1	.984(**) 0
Growth of enterprise value				0

Source : primary data(** Correlation is significant at the 0.01 level (2-tailed).

From the above table 5.3.1, The correlation coefficient between asset value and profit growth is 0.996 which indicates a value of nearby 1 or 100% which shows a positive relationship or a perfect direct relationship between asset value and profit growth at the significant level of 1%. The P value is less than 0.01 and hence the results are significant.. Also from the above table almost all the results shows a direct positive relationship with other factors

selected in growth table. Hence it is concluded that, the enterprise value is having a positive relationship with all the other performance variables and the results found to be statistically significant with p value less than 0.001.

DEMOGRAPHIC FACTORS & FIRM'S INTERNATIONAL GROWTH

The firm's international growth is assessed by finding the association between the demographic variables and the overall growth factors considered for the study. It is also attempted to find the relationship between growth variables through cross tabulation and correlation analysis. The results are presented in the following tables.

Association of International Growth Variables and demographic factors

The Oneway anova test is conducted to know the association with the performance variables and the demographic factors.(position of the respondent, number of countries exported and number of years of experience in international markets)

5.4.1.1 Association with the designation of the respondents and International Growth

H_4 : There is no significant association between the designation of the respondents and International Growth of the firm.

Table 5.4.1.1: Designation of the respondents and the International Growth

International Growth	Designation	N	Mean	SD	F value	P value
Assessing Performance	Marketing Manager	7	16.14	2.478	4.231	0.007*
	Export Manager	41	18.17	1.243		
	Vice President	12	18.25	.622		
	Entrepreneur	83	17.73	1.562		
	Total	143	17.83	1.526		
Export performance	Marketing Manager	7	11.57	1.272	1.340	0.264
	Export Manager	41	11.34	1.087		
	Vice President	12	11.42	1.240		
	Entrepreneur	83	11.72	1.119		
	Total	143	11.58	1.128		
Organisational Performance	Marketing Manager	7	9.43	2.299	1.575	0.198
	Export Manager	41	10.00	1.414		
	Vice President	12	9.83	1.528		
	Entrepreneur	83	9.88	1.596		
	Total	143	9.89	1.566		
Overall Performance of IM	Marketing Manager	7	36.71	5.438	3.140	0.027*
	Export Manager	41	39.29	3.881		
	Vice President	12	40.75	2.896		
	Entrepreneur	83	39.27	3.361		
	Total	143	39.27	3.629		
Average Growth of Export	Marketing Manager	7	14.424	5.049	1.094	0.354
	Export Manager	41	19.713	8.906		
	Vice President	12	20.790	7.635		
	Entrepreneur	83	20.460	10.252		
	Total	143	19.978	9.506		

(Source : Primary data) (*P<0.05)

From the above table 5.4.1.1, the anova results prompts that the variables for assessing the performance shows a significant result of less than 0.05 and the p value is 0.007. The overall performance in International Market also shows a value of 0.027 which is less than 0.05. Thus the null hypotheses is rejected for those variables. The other variables of Export performance, Organizational performance, and the average growth of export are not significant, since the global market performance of a firm is not depending on the designation of the respondent alone. But on the whole, assessing the performance variables and considering the overall performance of the international market shows an association with the designation of the respondents, since the designations will differ in terms of knowledge, decision making and experience in international operations.

Association between Number of countries exported and International Growth

H_5 : There is no significant association between Number of countries exported and the International Growth of the Company

Table 5.4.1.2: Association between Number of countries exported and the International Growth

International Growth	No. of Countries	N	Mean	SD	F value	P value
Assessing Performance	Below 5	8	16.63	2.200	3.497	0.033*
	6-10	17	17.47	2.239		
	Above 10	118	17.96	1.310		
	Total	143	17.83	1.526		
Export performance	Below 5	8	11.50	1.414	0.21	0.979
	6-10	17	11.59	1.228		
	Above 10	118	11.58	1.104		
	Total	143	11.58	1.128		
Organizational Performance	Below 5	8	9.50	1.604	2.254	0.049*
	6-10	17	9.41	1.543		
	Above 10	118	9.98	1.563		
	Total	143	9.89	1.566		
Overall Performance of IM	Below 5	8	37.63	5.208	1.264	0.286
	6-10	17	38.65	3.983		
	Above 10	118	39.47	3.451		
	Total	143	39.27	3.629		
Average Growth of Export	Below 5	8	17.785	8.725	0.615	0.542
	6-10	17	18.198	7.297		
	Above 10	118	20.383	9.843		
	Total	143	19.978	9.506		

(Source : Primary data) (* p <0.005)

From the above table 5.4.1.2 , the anova results clarify that the assessing performance shows a significant result of p value 0.033 which is less than 0.05 (5 %). This shows that the export performance is depending on the number of countries exported. And also organisational performance shows a significant result of p value 0.049 which is less than

0.05 and it is significant at 5 % level. This shows that the organisational performance is associated with the number of countries exported since experiential knowledge also increases. All the other performance variables are higher than 0.05 and hence the null hypotheses gets accepted at 5 percent level. It is concluded that there is no significant association between number of countries exported and the overall performance and growth of firms.

Association with number of years of experience in International Markets and International Growth.

H_6: There is no significant association between Number of years of Experience in International Markets and the International Growth.

Table 5.4.1.3 Number of years of Experience in International Markets and the International Growth

International Growth	No. of years of experience	N	Mean value	SD	F value	P value
Assessing Performance	Below 10	37	17.59	2.047	0.571	0.566
	10-20	81	17.91	1.343		
	Above 20	25	17.88	1.166		
	Total	143	17.83	1.526		
Export performance	Below 10	37	11.41	.985	1.124	0.328
	10-20	81	11.70	1.188		
	Above 20	25	11.44	1.121		
	Total	143	11.58	1.128		
Organisational Performance	Below 10	37	9.22	1.566	5.153	0.007**
	10-20	81	10.19	1.441		
	Above 20	25	9.92	1.706		
	Total	143	9.89	1.566		
Overall Performance of IM	Below 10	37	38.22	4.224	2.151	0.120
	10-20	81	39.65	3.395		
	Above 20	25	39.60	3.227		
	Total	143	39.27	3.629		
Average Growth of Export	Below 10	37	18.3120	7.602	0.789	0.456
	10-20	81	20.4476	9.670		
	Above 20	25	20.9257	11.414		
	Total	143	19.9786	9.5064		

(Source : Primary data) (** p <0.001)

From the above table 5.4.1.3, it is evident from the anova results, that the number of years of experience in international markets by the respondents is associated with the organizational performance of the firm. Since the F value is 5.153 and the P value is 0.007 , which is less than 0.05, it is significant at 5 % level. Hence the null hypotheses gets rejected and there is a strong association with the number of years of experience in international market by the respondents and the organizational performance. The respondents with international experience will try to influence the internationalization process of the firms . All the other performance variables are not significant with number of years of experience with the growth variables.

Relationship between overall Performance and overall Growth

The international export performance and the overall growth of the firms are cross tabulated and the results are found through chi square analysis.

Level of Growth of Export and Level of Performance of International marketing

H_7: There is no significant relationship between the level of growth of export and the level of performance in International markets.

Table 5.4.2 Level of Growth of Export and Level of Performance of international Marketing

Level of growth of export	Level of Performance of IM			
	Low	Average	High	Total
Low	19	14	0	33
	(57.60%)	(42.40%)	(0.00%)	(100%)
	[51.4%]	[19.7%]	[.0%]	[23.1%]
Average	17	44	12	73
	(23.30%)	(60.30%)	(16.40%)	(100%)
	[45.9%]	[62.0%]	[34.3%]	[51.0%]
High	1	13	23	37
	(2.70%)	(35.10%)	(62.20%)	(100%)
	[18.3%]	[65.7%]	[25.9%]	[100]
Total	37	71	35	143
	(25.90%)	(49.70%)	(24.50%)	(100%)
	[100%]	[100%]	[100%]	[100%]

(Values in Parentheses ( ) shows the row total, [ ] shows the column total)
(Source ; Primary data)(**P<0.001)

Table 5.4.2.(a) - Chi-Square results

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	55.735(a)	4	0
Likelihood Ratio	59.286	4	0
Linear-by-Linear Association	47.585	1	0
N of Valid Cases	143		

(a 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.08.)

From the above table 5.4.2(a), the level of growth of exports and the performance of the company in International marketing is cross tabulated and the results shows a chi square value of 55.735 at 4 degrees of freedom and the P value is 0.000. From this it is observed that, there is a statistically significant association between the growth of Exports and the performance of the company in International marketing.

Relationship between Average Growth of exports and firm's overall international growth

All the growth variables are correlated to find out the relationship with each other. The

below table brings the correlation results.

H_{38} :There is no significant relationship with overall experiential knowledge with respect to overall performance, average growth, and overall barriers of internationalization.

Table 5.4.3.Firm's overall international growth

Correlations	**Average Growth of Export**
Overall Performance In international markets	0.541(**)

(** Correlation is significant at the 0.01 level (2-tailed).

From the above table 5.4.3, the coefficient between Overall Performance In international markets and Average Growth of Export the p value is 0.541, nearly 54 % which shows a positive relationship between Average growth of export and Overall performance in the international markets, which is significant at 1 % level.

FINDINGS & IMPLICATIONS

It is clear that, the growth and performance of the firm can be measured through the sustainability of the firm in international markets and dependant on the profitability of the firm. Our framework suggests that entrepreneurs will be stimulated by their current international operations and experience to further internationalize. It is therefore recommended that capitalizing on the firm's current international exposure by intensifying the relationship with buyers, partners, or key stakeholders (**Zahra, Ireland *et al.* 2000**). By doing so, further international opportunities could emerge and could be identified, and could be exploited by the entrepreneurial firm. McDougall and Oviatt (1996) noted that firms that had increased international sales exhibited superior performance.

The important empirical findings are as follows.

- 61.54% have confirmed that the firm has been continuously involving in innovation and adoption of technology.
- Export growth revenues shows the high mean score of 4.71 and export profitability shows the next mean score of 4.55.
- The anova results prompts that the variables for assessing the performance shows a significant result of less than 0.05 and the p value is 0.007. The overall performance in International Market also shows a value of 0.027 which is less than 0.05. Thus the null hypotheses is rejected for those variables
- The anova results clarify that the assessing performance shows a significant result of p value 0.033 which is less than 0.05 (5 %). This shows that the export performance is depending on the number of countries exported. And also organisational performance shows a significant result of p value 0.049 which is less than 0.05 and it is significant at 5 % level. This shows that the organisational performance is associated with the number of countries exported.
- There is a strong association with the number of years of experience in international market by the respondents and the organizational performance.
- There is a statistically significant association between the growth of Exports and

the performance of the company in International marketing.(p value is 55.735 and is significant at 1 % level)

- There exists a statistical Relationship between Average Growth of exports and firm's overall international growth (correlation value is 0.541 at 1 % level of significance)

It is inferred from the empirical findings that these firms, based on their existing internationalization intensity, must have undertaken some action to achieve greater performance. These firms carried out competitive advantages, export intensity, proactiveness and management's involvement that mediates the "internationalization and firm performance" relationship. This study has made a contribution to the select SMEs by showing the relationship of firm specific advantages for international growth and export advantage and financial performance for overall growth. Exporting is the effective strategy of foreign activity and more involvement, commitment will lead them towards financial performance. The implication is that SMEs should not stop with exporting alone but, explore opportunities to get benefits from the growth potential associated with international assignments.

CONCLUSION

According to the findings of **OECD (2009)** Growth and knowledge-related motives are influential in driving SME internationalization. Growth-related factors appear to be increasingly important to SMEs, reflecting their rising appreciation of the international pathways and associated opportunities for future business growth. Further, Bloodgood *et al*. (1996) found that internationalization was fairly associated with ventures that reported higher profits. **Burgel *et al*(2001)** detected that firms with international operations reported higher productivity and sales growth but not employment growth Also **Lu & Beamish (2001)** supports the opening of subsidiaries and offices in foreign countries indicates the internationalization activity and impacts firm performance. Thus it can be concluded that, the firm's accumulation of internationalization knowledge will enhance the total performance of the firm and its increased investment in abroad can result in.,Higher sales volume, Profit maximisation, Increase in enterprise value, Market expansion and several benefits for overall firm's growth.

Thus it is concluded that, international growth in terms of being more entrepreneurial, gaining more foreign buyers and the number of non financial predictors of internationalization are playing more dominant role than the macroeconomic performance of the firm.

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