

WATER FALL APPROACH OF INTERNATIONALIZATION PROCESS OF THE PUMP AND MOTOR MANUFACTURING COMPANIES OF COIMBATORE

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Abstract

The study on Internationalization process of manufacturing firms in India are not having enough research insights comparing to other countries. The approach on disaggregating the sample into some meaningful groups and contrasting company characteristics across the selected firms. To analyse the water fall approach of identifying the most profitable country as the International market entry and this study attempts to delineate differences among exporting firms when firms are classified by their degree of internationalization. The analysis in the paper is based upon data gathered through personal interviews and mail surveys had with the executives / owners of 143 Coimbatore Pump and motor manufacturers. The study reveals significant differences among the types of exporters and provides further insights into the export marketing behavior of firms. The statistical result shows the direct relationship between firm characteristics and some of the chosen growth variables.

Key words: *Competitive advantages, Internationalization, SMEs, Water fall*

1. Introduction:

A key factor in determining why firms go international is the type and quality of management. A dynamic management is important when firms take their first international steps. Over a long term success of a firm in international markets depends on the commitment, attitudes, and perceptions of the management. International markets cannot be penetrated overnight and require vast amount of market development activity, market research and sensitivity to foreign market factors, the issue of managerial commitment is crucial. Most firms begin their operation in domestic market. Over a period of time, some of them expand into international markets. In looking at the Internationalization process, one finds that initially they are not interested in international markets and over a period they become partially interested exporter. In the next stage, the firm gradually begins to explore International markets and management is willing to consider the possibility of exporting. After the exploratory stage, the firm becomes an experimental exporter usually to psychologically close countries; however management is still far from being committed to International marketing activities. At the next stage, the firm evaluates the impact that exporting has had on its general activities. More often the firm continues to be a small exporter at this stage. The final stage is that the firm becomes experienced exporter. It has also been shown that in most cases managers of global business show a high level of formal education, communication than do managers of domestic firms.

1.1 Internationalization:

At the very first stage of Internationalization process, the company needs to shortlist and identify one or two potential target markets to enter and decide on with the mode of entry. However one factor alone cannot become the success of International markets, a mixture of factors results in firms taking steps in to a given direction. In economics, Internationalization has been viewed as a process of increasing involvement of enterprises in international markets, although there is no agreed definition of internationalization or international entrepreneurship. There are several internationalization theories which try to explain why there are international activities.

1.2 SME Sector:

With small and medium enterprises employing nearly 60 million people and claiming 45% of the manufacturing output, the SME sector is vital to India's economic growth. While SMEs have responded to competition reasonably satisfactorily, there is a scope for increasing their export

potential, domestic market share and developing them as a serious players in the global value chain. According to Europe – India SME business council, SME can be defined as,

Small Enterprises : All manufacturing enterprises that employ investment capital above Rs. 25 lakh and upto 5 crore are classified as small enterprises.

Medium Enterprises : All manufacturing enterprises that employ investment capital above RS. 5 crore up to 10 crore are classified as medium enterprises.

2. Objectives:

- I. The main objective of the study is to know the importance of Water fall strategy in International markets among the selected Industry.
- II. To study the degree of Internationalization through categorising different exporters of the firm and their company characteristics and to assess the Competitive advantages followed by the selected sample industry.
- III. To find out the application of Water fall strategy in the Internationalizing of a firm.
- IV. To correlate the Exporting firm /characteristics with the growth factors of the firm.

3. Research Methodology:

From the selected Pump and Motor Manufacturing and exporting firms, the listed companies of 74 firms of EEPC and 69 firms from the non members list of exporting. Both qualitative and quantitative approach were used. For collecting the data, Mail surveys and In-depth interviews the researcher had with the Owner/ managers of the 143 firms by using a structured questionnaire. The research was carried out during March to June 2012. The geographical area chosen for the research is Coimbatore district.

4. Water Fall Strategy:

The strategies adopted by the firms to enter foreign markets fall under two broad categories. The sprinkler strategy and the water fall strategy. A firm adopting sprinkler strategy will decide on which markets it plans to enter and simultaneously enter all the other markets. This is a risky method because, of the high cost involved in entering the foreign market. The water fall approach is the more conservative approach, in which the firm follows a roll out policy, entering the most profitable markets first. Depending on the performance of the product in this market, the firm

identifies the next best market to enter. This is a strategy more suitable for Internationalization. The water fall strategy is where the company expands the number of markets step by step. Closely connected to the water fall strategy is the Uppsala model of Internationalization. The Internationalization process generally starts out with no exports and generally starts exporting, licensing, Joint ventures and establishing subsidiaries when the company feels comfortable with the operations in the host country. To measure the incremental steps in internationalizing, the degree of Internationalization.

The Implications of Water fall approach in Internationalization Viz.,

- ✓ Incremental process in Entry mode strategies
- ✓ A step by step and a cautious approach helps the firm exploring new markets slowly
- ✓ Helps the firm concentrates on single Country while entering into foreign markets and search for most profitable country at the beginning.
- ✓ Best suitable strategy for the SMEs which are sensitive to risks and uncertainties.

5. Degree of Internatioanlization:

The degree of Internationalization of the company is based on the characterization of the company, several company characteristics, export behaviour, knowledge factors etc are analysed in this research.

5.1company Characteristics:

Three types of exporters are identified in the light of the internationalization process: experimental exporters, active exporters, and committed exporters. These firms are then contrasted with each other with respect to measurable company characteristics, domestic market environment, nature of international business involvement, marketing policy aspects, and export market research practices. The company characteristics were studied according to the degree of Internationalization, Age of the business, speediness of Internationalization, form of business, characterization of the company, target markets and EEPC membership.

Characterizing The company according To foreign sales		Frequency	Percent
1	Experimental exporter	28	19.6
2	Active exporter	86	60.1
3	Committed exporter	29	20.3
	Total	143	100.0

Table 1: showing the type of exporter in the International Markets

From the above table no.1, 28 exporters are in the initial stage of exporting called as experimental exporters. Firms belonging to active exporters are 86 and having continuous exporting and 29 exporters are committed exporters. This shows the degree of Internationalization according to the involvement in export markets. The involvement in the export market will increase their resource commitment and thus leads to increased risk.

I. No. of countries exported		Frequency	Percent
Below 5		8	5.6
6-10		17	11.9
Above 10		118	82.5
Total		143	100.0
II.Speed of INTLN in years		Frequency	Percent
1	Below 5	32	22.4
2	6-10	40	28.0
3	11-20	33	23.1
4	Above 20	38	26.6
Total		143	100.0
III.Form of business		Frequency	Percent
1	Sole trading	55	38.5
2	Partnership	16	11.2
3	Private limited company	61	42.7
4	Public Limited company	5	2.8
5	Others(subsidiaries, INV)	6	4.9
Total		143	100.0
IV. Products Manufactured		Frequency	Percent
1	Pumps	47	32.9
2	Motors	29	20.3
3	Both Pump and Motors	67	46.9
Total		143	100.0
V.Target Market		Frequency	Percent
1	Within state	0	0
2	Domestic	6	4.2
3	International	3	2.1
4	Both national and International	134	93.7
Total		143	100.0
VI. EEPc membership		Frequency	Percent
1	Yes	74	51.7
2	No	69	48.3
Total		143	100.0
VII. Characterization of the Company		Frequency	Percent
1	Occasional	30	21.0
2	quite regular	79	55.2
3	Highly regular and continuous	34	23.8
Total		143	100.0

*Table 2 Showing the Measurable Company Characteristics
(source :primary data)*

I. No. Of Countries Exported :From the above table no.2, the number of countries exported by the firm is visualized. 118 companies are exporting to more than 10 countries. 17 firms are having 6-10 foreign customers.

II. Speed Of Intl In Years :From the above table no.2, the speediness in Internationalization took place in firms are shown in years. have 38 companies have taken nearly 20 years to go for international markets. 40 companies have taken 6-10 years for Internationalizing their firms. This shows the firms incremental process in stepping to international markets. SMEs are sensitive to risks and uncertainties when they stretch abroad. Hence careful and incremental steps will reduce the risks.

III. Form Of Business :From the above table no.2, 61 private limited companies 55 sole trading firms having owners are the Individual technocrats and 16 partnership companies were participated in this study. Four larger firms and 6 International firms also were the respondents for the study. The INVs and subsidiaries such as Grunfos pumps, KSB Pumps, Chansubha Pumps, Egger Pumps, Sehra Pumps from Mumbai and operating in Coimbatore, Rossi Gear Motors(India)etc

IV. Products Manufactured :From the above table no.2, 67 companies are belonging to the manufacturing cluster of both Motors and Pumps. (e.g the renowned international brand owners of Texmo, Aquasub, Sharp, Suguna Pumps, CRI Pumps etc) total sample size of 143 manufacturing firms , 47 individual Pump companies and 29 Motor manufacturing companies are the respondents for this research.

V.Target Market: From the above table no.2, 134 firms are involved in both national and international markets. Hence it shows the Firms' involvement in International markets.

VI. Eepc Membership: From the above table, 74 companies are the registered EEPC member companies. The rest of the sample are not the member companies of EEPC and some of them are belonging to the un organized sector of exporting. The membership benefits the company in gaining relevant information on various countries and commodities from time to time. The council or the board keeps its members informed about the emerging trends and opportunities and threats in international markets. At the same time, RCMC (Registration cum membership certificate also fetch some benefits to the exporting firms. E.g Chansuba Pumps and Sehra Pumps are the RCMC holders)

VII. Characterization of the Company: In the above table no.2, out of 143 companies, 79

companies are the quite regular exporters and 23.8% of the respondents are highly regular and continuous exporters.

Correlation between characterization of the company and the speediness of internationalization is found below.

Descriptive Statistics:

	Mean	S D	N
Speed of Internationalization	1.76	.619	143
Characterization of company	1.91	.830	143

Correlations:

		Speed of Internationalization	Characterization of company
Speed of Internationalization	Pearson Correlation	1	.422(**)
	Sig. (2-tailed)		.000
	N	143	143
Characterization of company	Pearson Correlation	.422(**)	1
	Sig. (2-tailed)	.000	
	N	143	143

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

From the correlation result table, the coefficient between speed of Internationalization and the characterization of the company, the p value is 0.422 which indicates near by value of 42%, and there lies a positive relationship between speed of Internationalization and the characterization of the company and is significant at 1 % level.

Strategies of internationalization		Frequency	Percent
1	Step by step process (slow and cautious)	38	26.6
2	Through network relationship	12	8.4
3	Through international Entrepreneurship	8	5.6
4	A combination of all the three	79	55.2
5	International from the beginning (INV, subsidiary)	6	4.2
	Total	143	100.0

Table 3: Showing the Strategies of Internationalization

From the above table, it is visualized that 38 firms have gone through the step by step process of Internationalizing. 79 firms have chosen all the three combination of building network and Entrepreneurial motivation along with stage process of internationalization.

5.2.Domestic Market Environment:

Ethnocentric Orientation : In this framework, the firm believes that, the home country is superior. Some one with this orientation, sees similarities and believes that products and practices that succeed in the home country are superior and should therefore, be used everywhere. It is agreed that a company's center of attention should always be its domestic market. Possessing a strong position in the home market is essential when going abroad. It is difficult to fight on many frontiers at the same time. A strong emphasis is given on the domestic markets i.e., ethnocentricity in having a strong domestic market base is found in the selected industry. Although many possibilities might seem tempting, only close and unique opportunities to gain foreign sales should be considered detecting. Especially when a company is still in its starting phase it will always take more time to grow sales in foreign countries than in home country. This is due to translation and adjustments of documents and courses of actions from the native to the foreign language and environment. Examples for that are: home pages, price strategies, price lists, legal issues, marketing campaigns etc. that need to be bended in order to fit the foreign markets

no	No. of type of customers	count	Home market	Foreign market	Total
	1-4	109	-	34	143
	6-10	69	-	74	143
	11-15	93	26	24	143
	16-20	120	10	13	143
	21-25	137	6	-	143
	26-30	109	26	8	143
	>30	69	58	16	143

Table 4: Number Of Buyers In The Domestic Market And Abroad

(Count Is A Column Where The Data Is Not Entered For The Particular Factor)

As visualized in table 4, the companies most often had over 30 customers in the home market is 58 and 16 firms are having more than 30 customers outside the country. Of the 143 companies 126 companies are having good domestic market. Hence the home market still seems to be of great importance for the companies in general. 74 companies are having export market of 6-10 countries and 16 companies are having good export market of selling products to more than 30 countries. This shows the Industry's strong home market base took them slowly to International markets.

5.3. Nature Of International Business Involvement:

The international business involvement can be understood through the experience of owner /managers in international markets and the management's involvement or its role in International markets. From the data collected and analysed, it is clear that the international business involvement is incremental and slow to risk. By gaining experience through international markets, knowledge on foreign markets, gaining foreign Institutional knowledge are the knowledge factors affecting the firm.

Managers of SMEs often have limited time and management capacity. A policy measure should not only provide export promotion support, but also consider offers to coach the manager and perhaps even perform some of the practical tasks involved in the process

Experience in International markets by the respondent		Frequency	Percent
1	Below 10 years	37	25.9
2	10-20	81	56.6
3	Above 20	25	17.5
k	Total	143	100.0

Table 5

from the above table 5, it is clear that, 81 respondents are having 10-12 years of experience in the International markets. The experiential knowledge gained by the owner / managers through previous experience help the firm in stepping in to international markets.

5.4 Management's Role Of International Experience:

The role played by the Entrepreneur or Management is crucial in the rapidness of internationalising. Several factors influence in taking decisions for entering foreign markets.

Factors	No one		One of company		Many	
	Count	%	Count	%	Count	%
has lived abroad	13	9.09	106	74.13	24	16.78
has studied abroad	64	44.76	69	48.25	10	6.99
has worked in another company in international assignments	120	83.92	19	13.29	4	2.80
has worked in a foreign company having lot of international experience	121	84.62	11	7.69	11	7.69
travel abroad once or twice a year	19	13.29	49	34.27	75	52.45
managed a company in abroad for current company	128	89.51	9	6.29	6	4.20
firm has foreign directors	118	82.52	25	17.48		
other experiences	21	14.69	4	2.80	118	82.52

Table 6: Showing the Management’s Role in Internationalization Process

From the above table no.6, it is observed that, 106 companies answered at least one of the person had lived abroad and 69 answered one of them had studied in foreign country and 75 answered that they travel abroad at least once or twice a year. Thus it shows that the management does not have much international exposure enabling to operate in foreign countries. On the other hand, one can assume that only one or a few need to have international experience in a company before entering international business.

5.5 The Initial Entry Into Foreign Markets:

The most important in the beginning the import countries were, Indian subcontinents and Middle east. , 70 firms are exporting to Indian subcontinents. The countries include Malaysia, Singapore, Australia, UAE, Burma, Srilanka, Taiwan, Turkey, Europe, Dubai, Japan, USA, UK, Africa, East middle Africa, South Africa Caribbean and SAARC Countries. Most impact on the company’s decision to start operating internationally was the management’s interest in Internationalization, foreign enquiries about the products or services and the motive of profit maximization and business diversification. The below Table no.7 shows 40.6% have stated that they have 26-50% of export sales and only 22.4% have above 50% of share in foreign sales.

Share of Foreign sales		Frequency	Percent
1	Below 25 %	53	37.1
2	26-50%	58	40.6
3	above 50%	32	22.4
	Total	143	100.0

Table 7: Share of Foreign Sales in the Market.

The initial mode of entry into foreign markets are through direct exporting and indirect exporting

through foreign distributor or Agent. Setting up of a subsidiary office or a manufacturing unit in the foreign country is still in the process by Coimbatore firms since the barriers of internationalization is high for the SME sector. Very few firms have sales office outside India.

Factors influencing the Selection of Country for exporting		Frequency	Percent
1	Economic potential	53	37.1
2	Wealth position of the host country/firm	6	4.2
3	Technical product standards	74	51.7
4	Resource availability	10	7.0
	Total	143	100.0

Table 8: Showing the Factors influencing the Selection of Country for exporting

From the above table no.8, 74 firms have gone to foreign markets for the technical product standards of the host country. 53 firms have thought of the economic potential of the host country while deciding for exporting.

5.6. Marketing Policy Aspects:

SMEs with the turn over of 1-4 crore and 4-40 crore annual turnover were selected for the study. Many of the firms export their products to Indian subcontinents, and middle east markets. This shows the Physical distance with countries while Internationalization. According to the latest reports, the firms have widened their market to Europe and US. These firms operate with previous International experience, market knowledge, ability to create networks etc., The firms should develop some business practices and set standards and competitive advantages to penetrate into international markets.

5.6. Standardisation:

The most cost effective method of marketing products international or worldwide is to use the same program in every country. One of the challenges of the international entry is to determine the extent of standardization that may be used. From the research it is clear that exporting firms of Coimbatore follow some standardization practices such as ISO 9000 quality certificates for their products, Testing standards followed by them through SITARC* and International recognition of Branding of their Pumps and Motors and several other practices followed by them.

- *Industry Conditions:* The level of competition, the level of technology, the varying prices of local substitutes and local production costs can affect the marketing policy of the firm.

- *Market Characteristics* : The physical environment of the market, like climate, product use conditions, often force the marketers to make the product fit to the local conditions. Some of the other factors which will affect the standardization in this selected industry would exchange rate fluctuations, language, culture and social factors.
- *Legal Restrictions*: It is necessary for companies to follow the standards issued by local (Indian) government. Tariffs and taxes make it necessary for the companies to make price adjustment, the stability of the government also influences the export markets and the change in foreign trade policy.

5.7 Competitive Advantages:

The exporting firms of Coimbatore have the following competitive advantages to operate in the international markets. Each firm must develop a competitive strategy focused on its own domestic market. In pursuing this strategy the home country of operation is often the most important source of competitive advantage. The resources and capabilities of the home country frequently allow the firm to pursue the strategy into markets located in other countries.

- ✓ Every manufacturer will have their own competitive edge in their export market and trying to be a market leader
- ✓ On line testing procedures, separate R & D facility, Quick delivery, Time management , Building of Network relationships, Customer Contacts, Understanding customer specifications and other Niche marketing strategies.
- ✓ Having experienced / devoted and committed work force.
- ✓ Excellent quality standards and Quality service and after sales service,
- ✓ Expanding to global platform
- ✓ Commitment towards value creation
- ✓ Stress on R & D, exclusive range of customized solutions
- ✓ Delivery of commitments, reducing downtime, increasing productivity
- ✓ Foreign Business knowledge

Entrepreneurs from Coimbatore are having high technical experience in setting up their own business. They run their own business or their own family business. Some of the International players are the technocrats having more than 20 years of previous experience in International Markets. Their important concentration is on constantly updating their technology and adapt it into ever changing needs of the customer.

5.8 Marketing System:

Each unit in the pumps & motor product line has developed its own marketing channel. There are no common marketing channels available for the cluster. Few medium scales are also exporting their products to other countries. These marketing channels had been developed over a period by the respective units. Most of the units are supplying directly to the showrooms. Others are supplying through agents who are selling through dealers. The products are transported through various means such as train, lorries, couriers, buses, etc. to various cities in India. Some agents come to Coimbatore to place orders and take the product on their own. These traders develop a severe price competition among the manufacturers. The following are some common distribution channels.

- 1) Manufacturer ▶ Branch ▶ Distributors ▶ Retailer
- 2) Manufacturer ▶ Distributors ▶ Showroom ▶ Retailer
- 3) Manufacturer ▶ Retailer
- 4) Manufacturer ▶ Agent ▶ Export

There are manufacturers who manufacture as per the clients specification.

The export from Coimbatore is only approx. Rs. 100 Cr. may be due to major competition from Turkey, which has a short shipping time to anywhere in Europe. China may also be a threat in exports, because the cost of its finished product was equal to the cost of the raw material of Indian companies. In the micro enterprises segment it is observed during the study that there are 2 classes of micro enterprises, the class 1 enterprise scout for job orders from medium and small enterprises and offloads to his group of micro enterprises i.e. class 2. These class 2 entrepreneurs do not move out for marketing and depend on class 1.

Discussions had with some of the pump manufacturers of Coimbatore provides the marketing information related with developing of network, initiatives and understanding of the networks or cluster approach around the globe is important. As a system in which the pump will play a major part in market penetration is the internationality, Private labeling- order of business concept etc to be adopted by them. Vast scope for growing the business with non conventional energy is preserved for Motor and Pump industry. Hence, Industry customer (end user) relationship and selling through professional channels to HNI (High networks) has to be targeted.

5.9.Export Market Research Practices:

The market orientation phase can help a company establish priorities both between markets and countries, more detailed information is required to develop a strategy for entering or expanding a

presence in the selected market. The firm should develop some practices for knowing the information regarding export strategic orientation viz.,

- ✓ Market shares
- ✓ Product awareness / penetration
- ✓ Buying motivations by the host country
- ✓ Barriers in internationalizing and overcoming them
- ✓ Building product/ brand images
- ✓ Knowing the buyer attitudes and profiles
- ✓ Understanding the competitor's weakness
- ✓ Detailed structure of the distribution system and how to take advantage of it.

The export research practices will help the firm finding out the possibilities of entering into the untapped International markets.

6. Expansion And Growth Factors:

6.1 Action Taken For Exports:

Some of the organizational performance variables were identified and tested the mean rank score based on Friedman test.

Hypothesis 1: Ho : There is no significant difference between mean ranks towards action taken for Expansion of markets or wish to increase export market.

	Action taken	Mean Rank	df	Chi square value	P value
B20A_1	Enhancing the technology for modernization	2.06	6	466.450	0.000**
B20A_2	Increase investment to enhance operational efficiency	3.42			
B20A_3	Improvement in quality at par with international products	2.05			
B20A_4	Improvements in attractive packaging	4.34			
B20A_5	Tie ups with foreign groups / MNCs	4.56			
B20A_6	Tie ups with export houses to help export orders	5.33			
B20A_7	Utilise foreign specialization for cost reductions	6.24			

Table 6.1.1 Friedman test for significant difference between mean ranks towards action taken for Expansion of markets or wish to increase export market.

*** p value is less than 0.001*

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 *Action* taken toward Internationalization of firms

Based on mean Utilizing foreign specialization for cost reductions shows the highest mean rank of 6.24 and the next is the tie ups with export houses to help export orders which is to create network relationships. The mean rank value for Improvement in quality at par with international products is 2.05 which is the most important factor among the others.

6.2 Organizational Growth Factors:

Stable economy coupled with continuing investments in the core sector are expected to fuel growth of the pump market in India. The researcher did not intend to measure performance at this stage and assumed that firms internationalize in order to capture potential profit opportunities outside the home market or to withstand 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 it is performing.

Hypotheses 2: Ho: There is no significant relationship between the age group of the respondents and the Organizational performance

Hypotheses 3: Ho: There is no significant relationship between the age group of the respondents and the Organizational performance

Growth Factors	No		Some extent		Yes		Total	
	Count	%	Count	%	Count	%	Count	%
Is the company quick to adapt to customer requirements and changing environments	3	2.10	70	48.95	70	48.95	143	100.00
Does the company keep growing through creative activities in product services, technology, absorption and utilisation of technology	6	4.20	49	34.27	88	61.54	143	100.00
Do managers / staff of the export department handle the business efficiently and effectively.	7	4.90	65	45.45	71	49.65	143	100.00
Do staff/ managers at different levels of the export department possess sufficient experiential knowledge problem and solving knowledge	7	4.90	72	50.35	64	44.76	143	100.00

Table 6.1.2: Measuring Organisational performance

From the table 8, Most of the companies have positively answered that their staff/ managers are contributing towards the export growth. Most of the companies have the experience knowledge in the company by the entrepreneur or the Exporting managers to operate internationally. To some extent the firms are utilizing the resources and adapting themselves to the foreign markets

Growth variables	No. of years of experience	N	Mean value	SD	F value	P value
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		

Table 6.1.3: Showing the Oneway Anova results of the Respondent's Number of years of Experience in International Markets and the Growth variables

Overall Performance in International marketing	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		

(** denotes p value is <0.05)

From the above table no.9, it is evident that the number of years of experience in international market by the respondent is associated with Organizational performance of the firm. Since the F value is 5.153 and the P value is 0.007, which the value is less than 0.05 and 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 respondent is associated with Organizational performance.

Since the factors influencing the International marketing and the respondent's experience shows the f value of 2.151 and the p value is 0.121. ($p > 0.05$) Since the p value is greater than 0.05, the null hypotheses gets accepted since the International marketing success is not only depending on the respondent's experience but on various external factors.

7. Findings :

The firms utilized the advantages of the water fall approach such that,

- ✓ The incremental steps were followed by the firms in Internationalizing. A slow or medium speed of internationalization was used by most of the SME firms. Rapid speed in internationalizing is not followed since the firms are not born global and INVs.
- ✓ Concentration on one country as initial foreign market entry and they have gone for expansion of markets. Risk of sprinkler strategy was not followed by firms.
- ✓ The water fall approach and the degree of Internationalization are the similar approach to the Uppsala model (stage model) and the step by step process. Majority of the local Pump manufacturers serve the local end users and they should try to compete with the organized sector of the industry.
- ✓ The business practices and the competitive advantages followed by the Industry were analysed. When it comes to International markets, competition is likely to increase with entry modes by more multinationals.
- ✓ The firm's expansion strategies and the growth strategies are having significant direct and positive relationship with each other.
- ✓ Internationalization is not the exporting of surplus production to foreign countries, but an integrated strategy for growth of the firm. When the degree of Internationalization begins, the degree of resource commitment and risk increase. The competitive advantages of the firm, technological development, innovation, entrepreneurial orientation coupled with the water fall approach of internationalization strategy would be more suitable for the selected SME sector. The research has paved a way for finding out more market space in international markets.

8. Conclusion:

There is a research gap on the subject in SMEs in general and in Indian SMEs in particular. The paper attempts to fill this research gap. The primary question of this study has been to understand the effect of internationalization on firm performance. The present study discovers that internationalization has positive effect on firm performance, which is linear in nature, particularly for the technology based SMEs. It thus adds a fresh perspective to the discussion on the relationship between internationalization and firm performance. The same study can be replicated across industries, countries and include other modes of internationalization in order to study the impact of the changing context of markets and policy environment, on firm performance.

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