



The Drives to Internationalize: Case of Pump and Motor Manufacturing Industries of Coimbatore, South India

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ABSTRACT: Internationalization is an outward activity wherein a firm tries to go global. The important consideration is what to do when the world approaches your door. Because over a period of time it will happen. Why should a firm internationalize? or what should a firm has to do when it gets an international order. Because if the firm has a website of its own, it will eventually get a non domestic order. This paper will describe some of the forces and motivations that lead a company proactively take its business international and outline the process that many firms go through. Proactiveness, Expansion of market and management's involvement are the identified forces for internationalization of the selected industry. The study has gone in depth in analyzing and finding the forces quoted by Czonkota(2009)'s model of internationalization. Taking into consideration of 143 exporting Pump and motor manufacturing industries for the said factors, will analyse and support the driving forces leads a firm to internationalize. Descriptive analysis, Freidman's test of mean ranking & chi square tests and multiple regression are performed to substantiate the objectives using SPSS software.

Keywords:- Driving forces, Internationalization, Proactiveness

I. INTRODUCTION

In a developing country like India, Small Scale Industries play a significant role in economic development of the country. They are a vital segment of Indian economy in terms of their contribution towards country's industrial production, exports, employment and creation of an entrepreneurial base. These industries by and large represent a stage in economic transition from traditional to modern technology. Small industry plays a very important role in widening the base of entrepreneurship. The development of small industries offers an easy and effective means of achieving broad based ownership of industry, the diffusion of enterprise and initiative in the industrial field. Many emerging market enterprises have not embarked on internationalization as yet partly because their managers believe that their firms are not ready due to a lack of conventional firm-specific ownership advantages such as technological and managerial skills Coimbatore is a multi sect oral district with number of business units. There are more than 1000 units involved in manufacturing of pump, motor and related components. Coimbatore is also called to be the Pump city of Asia. The district covers 40% of Indian pump and motor manufacturing sector. Coimbatore has many international players with globally accepted brands manufactured by Sharp Pumps, Mahendra Pumps, Texmo, Aqua pumps, CRI pumps and 15 of the firms are involved in marketing of their products to various countries. Coimbatore units are now diversifying into manufacturing of Industrial Pumps to meet the growing demand in many parts of our Country. Nearly 45% of the Country's requirements of pump sets are being met by Coimbatore units. Coimbatore pumps are being exported for the past 25 years.

This is due to quality, reliability and performance achieved by incorporating design changes to suit the site conditions. The city makes over 60 per cent of the water pumps and 45 per cent of the motors used in India. According to the Coimbatore-based Southern India Engineering Manufacturers Association (SIEMA), Coimbatore's 400 foundries have a combined turnover of Rs.1,000-1,200 crores. Its engineering units registered a 15 per cent increase in turnover in 2003-2004 and their exports, which rose by 21 per cent, have crossed Rs.1,400 crores now.

II. REVIEW OF LITERATURE

Anders Hansson, Kim Hedin (2007) Their study is based on theories including four categories of internationalization drivers that motivate firms to establish themselves abroad. These categories consist of *market, resource, efficiency, and strategic resources seeking motives*. A fifth category was added in order to include *network seeking motives*. They have regarded the companies as network seekers and market seekers. Four motives are associated with the highest degree of importance. Two were in the category of network seeking motives: starting new collaborations and staying close to main client or supplier. The other two were in the category of market seeking motives: reaching new markets and limitations of the home market.

According to Harris and Wheeler (2005) the best foundations on which to build an international strategy are such strong *inter-personal relationships*. These can provide and help to develop *knowledge, understanding, visions, and plans for the internationalization* of the firms. Further, through cooperative arrangements, these relationships can provide the means and mechanisms by which these plans may be realized. Additionally, Kingsley & Malecki (2004) stresses the importance of informal networks in the case of SMEs. Aihie Osarenkhoe, (2009) studied the non sequential internationalization process among the technology enabled products of mutually interdependent forces. Even though the sequential approach in the process model is intuitively appealing, not all firms follow the same path. His study provides a holistic view on the driving forces behind the rapid internationalization process encountered by many SMEs today.

Katsikeas identifies the proactive stimuli's such as, attractive profit and growth opportunities, ability to easily modify the products for export markets, the possession of unique products and the reactive stimuli's which are the presence of export minded manager, having the management skills and the management's belief about the value of exporting.

2.1 International entrepreneurship theory & Selection of variables

The theory states that it is the study of cross-border entrepreneurial behavior and it supports the idea that, 'internationalization is an act of entrepreneurship', because internationalization cultivates a search for opportunities to achieve firm wealth and growth by expanding into new markets. McDougall and Oviatt's (2000, p. 903) introduced their definition of international entrepreneurship as a "combination of innovative, proactive and risk seeking behavior that crosses national borders and is intended to create value in organizations". For the study, the entrepreneurial variables identified are: Growth Opportunity, Creativity/Innovation, Managerial motivation, Technological advancement, Management's ability to take risk, exploitation of foreign opportunities and previous international experience of the entrepreneur were considered as important factors affecting the firm's internationalization process.

III. OBJECTIVES

The research is focused on finding the following objectives:

1. To identify the proactive stimuli's and their impact on firm internationalization and entrepreneurship theory variables among the selected sample.
2. To have insights into the nature of exporting firms and their effect on internationalization.
3. To analyse and to find the forces and motivators of internationalization for the select manufacturing sector.

IV. DATA AND METHODOLOGY

4.1 Data

The data collected for the study is both quantitative and qualitative. The data combines, profile of the company, annual turnover (1-4 crore and 4-40 crore business), number of employees, firm size, age of the firm, experience in the international markets, products manufactured and from the cluster study, industry structure, different networks, and performance are collected. The matching of the data set provided 143 exporting firms through simple random sampling method out of the listed 272 exporting firms.

4.2 Measures

4.2.1 Dependant variable

Previous studies use different measures as the firm's degree of internationalization. The study has extended to find the measures ranging from foreign sales to total sales, total asset value to performance, international marketing performance to overall international growth and increased enterprise value to overall firm's growth. The dependant variable chosen for this paper is the proactiveness of the entrepreneur. The proactiveness is dependant on various factors which are taken from the international entrepreneurship theory.

4.2.2 Independent variables

The independent variables chosen for the study are from the entrepreneurship theory. Proactiveness and the audacious approach of the owner/ managers of these firms are dependant on the entrepreneurial theory variables.

The survey was conducted using a web based questionnaire. The target population consisted of companies that are member companies of Engineering export promotion council of India. E-mails were sent to representatives in this sector forwarded to the companies, asking them to participate in the study. The research was conducted during the period of Feb- June 2012. The analysis of this article is based on the theoretical background contributed by Czinkota(2004).

The study is also descriptive and deductive in nature since the research was done with the existing internationalization theories. The research was based on empirical data from the studies of internationalization theories and used them to form a base on how to analyse the collected data. The study was both qualitative and quantitative and mainly relied on in depth interviews for deeper understanding of the factors chosen to explain the drives to internationalize.

V. CONCEPTUAL BACKGROUND

5.1 Internationalization Stages

It appears that in some countries more than a third of exporting firms commenced their export activities within two years of establishment. Based on the Indian context, the select companies internationalized by following a traditional method or Uppsala theory of exporting. They follow the incremental stages of no exporting, exporting through agent, Direct exporting and setting up of own subsidiary and a production unit abroad which is also called as stage theory as suggested by Johanson & Vahlne (1977). Such innate, or start-up, exporters may have a distinct role to play in an economy's international trade involvement. In the selected industry they began their operations in the domestic market. From their home location, they gradually expand, and, over time, some of them become interested in the international market.

The development of the export interest typically appears to proceed in several stages. In each one of these stages, firms are measurably different in their capabilities, problems, and needs. It was found that initially, vast majority of firms are not at all interested in the international marketplace because of the risk associated with.. If a management gets an unsolicited export the firm will continue to search for fulfilling the commitment. Other international market stimuli also continue over time, and these firms have gradually become interested or a partially interested exporter. Management will then fill unsolicited export orders.

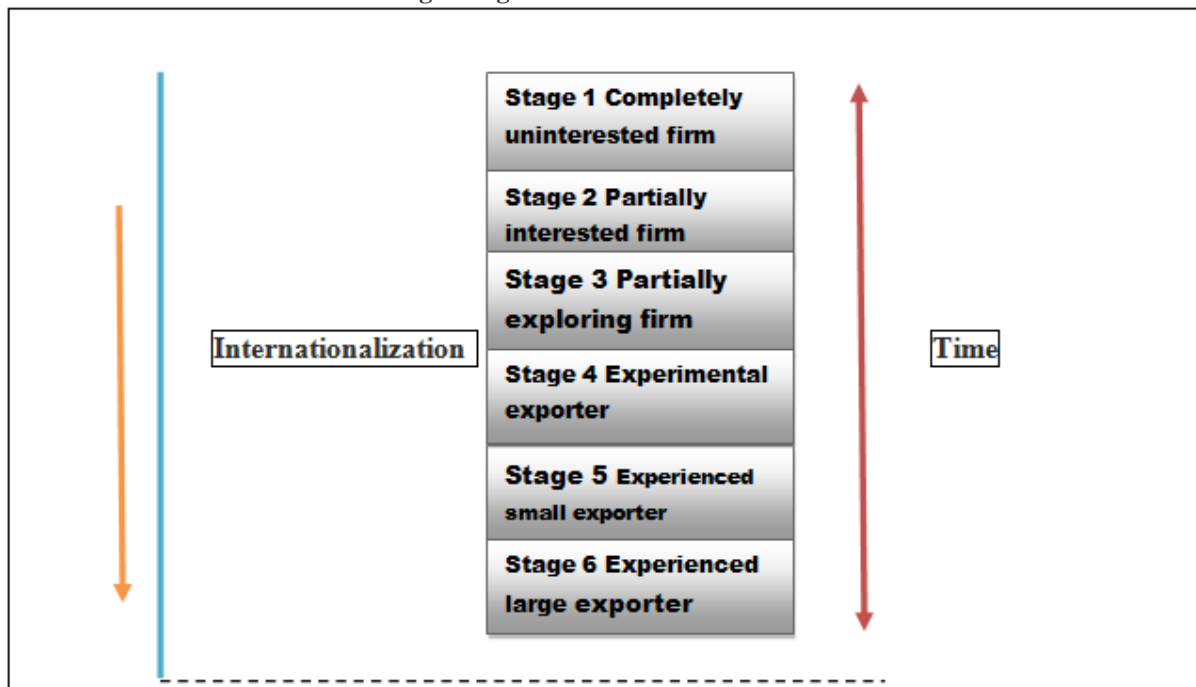
Prime candidates among firms to make this transition from uninterested to partially interested are those companies that have a track record of domestic market expansion. In the next stage, the firm begins to explore international markets gradually, and management is willing to consider the feasibility of exporting. After this exploratory stage, the firm becomes an experimental exporter, usually to psychologically close countries. However, management is still far from being committed to exporting activities.

At the next stage, the firm evaluates the impact that exporting has had on its general activities. Here, of course, the possibility exists that a firm will be disappointed with its international market performance and will withdraw from these activities. On the other hand, frequently, it will continue to exist as an experienced small exporter. The final stage of this process is that of export adaptation.

Here a firm is an experienced exporter to a particular country and adjusts its activities to changing exchange rates, tariffs, and other variables. Management is ready to explore the feasibility of exporting to additional countries that are psychologically further away.

Business skills must be developed, relationships cultivated, and resources measured and managed intelligently. But equally important is motivation and the direction and vision that motivation provides. The below diagram no.1 explains the stages of internationalization based on Czinkota's model.

Fig.1 Stages of Internationalization.



(Source: adopted from Czinkota(2004) Drives to internationalize)

5.2 Motivations to Internationalize

Why does a firm’s management decide to go international? The first, maybe obvious, factor in going international is the same as it is for any business decision: determination and commitment to succeed along with gaining more profit. Management must want to go international and make a serious, determined commitment to identifying potential markets and to make the commitments and preparation necessary to succeed.

It is necessary that firms must want to do it. This commitment must take them to initiate their foreign business activity. Obtaining that level of commitment means involving all levels of management early in the export planning process and encouraging their active support and commitment. Appointing and having the employees with previous international experience and people who aspire to achieve the organizational objectives.

It is suggested that employees with international experience and international interest can be grouped to focus on international opportunities. Because, when people are not trained to think globally, they are most likely to use the back home practices as their bench marks. This myopic vision may jeopardise the potential of the foreign venture.

A good indication of the degree of corporate commitment is the nature of organizational structure. Someone must have a primary responsibility for exporting. Setting organizational goals in operating international markets is an important force. When the firm level advantages are built also would make the firm go internationalize. In addition to wanting to do it, the firm must have the ability—the skill sets and other support—necessary to succeed. At the outset of a program the majority of those resources might not be in-house, but they must be available to the firm in some form which will help in internationalizing.

Proactive motivations represent stimuli to attempt strategic change. Reactive motivations influence firms that are responsive to environmental changes and adjust to them by changing their activities over time. In other words, proactive firms go international because they want to, while reactive ones go international because they have to. (Czinkota 2004)

VI. EMPIRICAL DISCUSSIONS

The main drives of internationalization identified from the study are:

- ✓ Proactiveness of the entrepreneur.
- ✓ Technology and innovation
- ✓ Expansion of markets, profit motives and business performances.
- ✓ Performance indicators

According to Czinkota(2004) the following are the drives considered for internationalization among the select firms.

1. Proactive stimulus
 - a. Proactiveness of the entrepreneur
 - b. Firm's product and its technical advantages
 - c. Market information
 - d. Tax benefits
2. Reactive motivators
 - a. Domestic focus (ethnocentricity)
 - b. Geographically closer countries
 - c. Profit potentials
3. Nature of exporting firms
4. Performance indicators

6.1 Reasons for Internationalization

The percentage analysis on the reasons for internationalization is given in table 5.1. The reasons of internationalization will help us to understand, what is the real motive behind going to a foreign market. It is evident for the select industry that profits and owners interest in going to the international markets are the main reasons found.

Table 6.1 Reasons for Internationalization

S.No.	Proactive/Reactive Reasons of Internationalization	Frequency	Percent
1	Increase in Profits	44	31
2	Lower demand in domestic markets	2	1.4
3	Owner's interest in going to international markets	46	32.1
4	Market expansion	22	15.3
5	Product characteristics	12	8.4
6	Organizational Goals	17	11.8
	Total	143	100

(Source Primary data)

Table 6.1, suggests that most of the SMEs analysed, have entered international markets because of market opportunity, expansion and profit. 44 Companies have chosen 'Increase in profits', 46 opted 'Owner's interest' in going to international markets and 22 have suggested 'market expansion' as the main reasons for international activities. Product characteristics are also the reason for exploring new markets since many companies manufacture their products with International standards supported with R & D facility. Lower demand in domestic market was not selected by respondents since the selected units are having a strong home market base.

From the above table, it is inferred that Profits or opportunity seeking behaviour of the SMEs can be described mainly with the international entrepreneurship theory. One of the basic arguments of International Entrepreneurship theory is that individual and firm entrepreneurial behaviour is the basis for foreign market entry.

6.2 Mean Rank towards Expansion of Markets

H₁ : There is no significant difference between mean ranks towards variables on Expansion of markets.

Table.6.2 Mean ranks towards Variables on Expansion of markets

S.NO	Variables on expansion of markets	Mean Rank	df	Chi square value	P value
1	Enhancing the technology for modernization	2.06			
2	Increase investment to enhance operational efficiency	3.42			
3	Improvement in quality at par with international products	2.05			
4	Improvements in attractive packaging	4.34	6	466.450	0.000* **
5	Tie ups with foreign groups / MNCs	4.56			

6	Tie ups with export houses to help export orders	5.33		
7	Utilise foreign specialization for cost reductions	6.24		

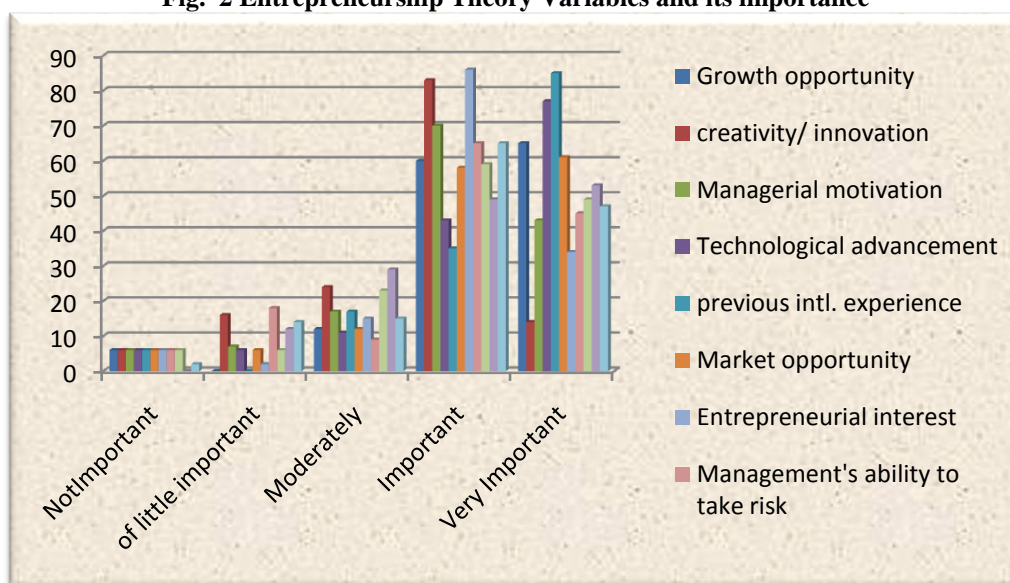
(*** p < 0.001) (Source : Primary Data)

The above table 6.2, shows the results of Friedman test for mean rank towards variables on expansion of markets. 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 variables on Expansion of markets. Based on mean score, Utilising foreign specifications for cost reductions shows the highest mean rank of 6.24 followed by tie ups with export houses to avail export orders (5.33) next is Improvement in quality of packaging (4.34), which are the most important factors on expansion of markets. When a firm wants to expand its market, it will motivate them to go slowly to geographically and psychically closer countries. After the acquisition of foreign market knowledge, the firms can expand their markets to distant countries.

Proactive stimuli for exporting include market diversification. If a company sees only limited growth opportunities in the home market for a proven product it may well see as market diversification as a means of expansion.

6.3 Entrepreneurship Theory variables and its importance

Fig. 2 Entrepreneurship Theory Variables and its importance



(Graph 2: Weighted results from the questionnaire. The bars show percentage of respondents that perceived entrepreneurship variables as important or very important. Source: Primary Data)

From the empirical views, the above fig.2 also depicts that the entrepreneurial theory variables which will help the analysis in knowing the proactiveness of the entrepreneur. The bars from the diagram shows all the variables are important from the Entrepreneurship theory and previous international experience is a driving force in internationalization.

6.4 Motives of Internationalization

There are two factors that influence SMEs internationalization process: (i) proactive (ii) reactive. The proactive motive induces the firm to internationalize from the initial stage onwards, where as reactive motive requires some prompt after a long duration of time in domestic market.

Table 6.4 The Motives of Internationalization

S.No	Motives of Internationalization	Frequency	Percent
1	Pro activeness	127	88.8
2	Re activeness	16	11.2
	Total	143	100.0

(Source Primary data)

From table 6.4 it is clear that 127 companies(88.8%) have opted international operations through proactive motives and only 16 companies (11.2%) have opted the reactive motives for entry into international markets. It is clear that most of the firms have an urge to enter foreign markets as a primary motive once they have stabilized in the domestic market.

Table 6.4.1 The Reactive motives of Internationalization.

S.No	Reactive motives of internationalization	Frequency	Percent
1	Over Production	2	12.5
2	Declining Domestic Sales	0	0
3	Excess capacity of production	10	62.5
4	Saturated domestic markets.	4	25
	Total	16	100

(Source Primary data)

From Table 6.4.1 it is observed that none of the company has quoted that decline in domestic sales is the reactive motive for internationalization. But Pump and Motor manufacturing companies still have a demanding domestic market and the ethnocentricity or the strong home market makes the selected Industry for their motive of Internationalization. 127 companies have internationalized through the Entrepreneur's pro activeness in entering various international markets.

For the firm that seeks partners for involvement in international markets or managers who search for firms most likely to provide good opportunities, an important consideration should be whether a firm is internationally proactive or reactive. The clearest difference between proactive and reactive firms centers around how they originally entered international markets. Proactive firms are more likely to have solicited their first export order, while reactive firms only began exporting activities after having received an unsolicited order from abroad. And the difference provides an important gauge of the potential for success. The most successful exporters tend to be motivated by proactive factors in their general business operations as well as their international activities. They are more likely to be service-oriented than reactive firms and typically are more marketing and strategy-oriented than reactive firms, which place more emphasis on operational issues. Also, the motivations of firms do not seem to shift dramatically over the short term but are rather stable.

6.5 Ethnocentric Orientation

Majority of the firms believe that the home country is superior in marketing their products. They believe that the product demand in home country will certainly succeed in foreign market as well. Hence they intend to focus more in domestic markets. Possessing a strong position in the home market is essential before venturing 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 visible in the selected industry.

The firms had to wait for unique opportunities in the most fitting foreign countries and the sales growing at a slower pace than in the domestic country. This is due to the drafting and documentation procedures and accomplishing of legal formalities so as to fit in to the right foreign markets that absorbs a longer time span.

Table 6.5 Number of Buyers in the domestic Market and abroad

S. no	Number of buyers	count	Home market	Foreign market	Total
1	1-4	109	-	34	143
2	6-10	69	-	74	143
3	11-15	93	26	24	143
4	16-20	120	10	13	143
5	21-25	137	6	-	143
6	26-30	109	26	8	143
7	>30	69	58	16	143

(Count is a column where the data is not entered for the particular factor)

(Source Primary data)

As visualized in table 6.5, the companies having more than 30 customers in the home market is 58 and 16 firms in the foreign markets. Of the 143 companies 126 companies are having strong hold in domestic market. Hence the home market still seems to be of great importance for the companies in general. SMEs from the selected industry shows that, positioning in the domestic market is more important for

internationalizing in the initial stages. But most of the SMEs, having competitive advantage and leaders in the domestic markets have an easy and early entry into international markets.

It is inferred that a strong home market base would increase the business knowledge and experience to go for international activities. If the technology and the acceptance of the product found to be favourable, then it would help them planning for export activity.

6.6 Nature & Regularity of exporting firms

From the model adopted from Czinkota, explains various stages that a firm may undergo. At the stage 4, it attains the stage of experimental exporter and in stage 5 & 6, it reaches the experienced exporter's status. From the empirical point of view, quite regular exporters will be motivated to become experimental to experienced exporters and finally highly regular exporting activities will enhance the status of being an experienced exporter.

Table No. 5.6 Regularity in Exports

S.No	Regularity in exports	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

(Source Primary data)

From the above table 5.6 it is deduced that 55.2 % (i.e 79) of the respondents are quite regular exporters and 23.8 % of the respondents are highly regular and continuous exporters. 30 firms are occasional exporters having exported at least one consignment per annum to a foreign country. The regular exporting activity by an exporter will motivate in search of solicited/ unsolicited orders and try for expansion of markets. Because expansion of markets is an indicator of firm's performance and growth.

6.7 Product characteristics

During the in depth interviews the respondents were asked about their products about how unique their product is considered to be, compared to competitive products, Is it "one of a kind?" Is it meant for the consumer market or the industrial market. It is also considered important whether the product is sensitive to changes in trends, price and/or quality and whether they consider the product life cycle to be long or short. The respondents were asked to give their opinion on how much does the product depart from other products now available in the market virtually. This shows the foreign market commitment and involvement of a firm in international activity.

Table 6.7 Product Characteristics

S.no	Products characteristics	Frequency	Percent
1	similar	6	4.2
2	Slightly modified	24	16.8
3	Some new feature	57	39.9
4	Many new features	50	35.0
5	Totally new solution	6	4.2
	Total	143	100

(Source Primary data)

From the above table 6.7, it is clear that 57 Companies (39.9 %) have modified their product with few additional features and 50 companies (35 %) have customised their products according to the suitability of foreign markets. 6 of them have gone for a totally a new product different from home country according to the foreign market specifications. Specific product characteristics designed for the host country requirements will open foreign market opportunities. The selected sample of firms are ISO 9000:2001 certified companies for quality achievement to fetch foreign orders. The technocrats of Coimbatore city are well experienced entrepreneurs set their own firms operating with more than 20 years of experience. Hence it is opined that unique product characteristics, adaptation to foreign commitments and attaining to foreign standards will fetch more orders for the firms. Many firms in Coimbatore have built their own Branding strategies and benchmarked their Pumps & Motors to the international standards.

6.8 Management’s Role in Internationalization

The role played by the Entrepreneur or Management is crucial in the rapidness of internationalizing. Several factors influence in taking decisions for entering foreign markets. It is shown in the below table 6.8

Table no.6.8 Management’s Role in Internationalization Process

Factors	No one		One of company		Many	
	Count	%	Count	%	Count	%
Has lived abroad	13	9.09	106	74.13	24	16.78
Educated abroad	64	44.76	69	48.25	10	6.99
has worked in a company on international assignments	120	83.92	19	13.29	4	2.80
has worked in an MNC	121	84.62	11	7.69	11	7.69
Frequently traveled abroad	19	13.29	49	34.27	75	52.45
Managed a subsidiary of a company	128	89.51	9	6.29	6	4.20
Firm has foreign directors	118	82.52	25	17.48		
Other international experiences	21	14.69	4	2.80	118	82.52

(Source Primary data)

From the above table no. 5.8, it is observed that in 106 companies, at least one person had lived abroad and in 69 companies the management member has been educated abroad. In 75 companies the members have frequently made business visits to several foreign countries, comparatively it was found that the management members have minimum international exposure, enabling to operate in foreign countries. On the other hand, even if one or a few have international experience in a company, it has helped them enter foreign markets with less difficulty.

6.8.1 Impact of Management’s involvement

An actively involved management of a firm only will execute the plans of international business and firm performance. The key factor leading to such performance is the international experience and exposure of management. When the current management of a firm discovers and understands the value of international markets and decides to pursue exporting opportunities. Such insights are frequently triggered by foreign travel, during which new business opportunities are discovered, or by information that leads management to believe that such opportunities exist. Managers who have lived abroad, have learnt foreign languages and foreign cultures are likely, to investigate whether exporting opportunities would be appropriate for their own firm or the firms they are working with. Often, managers enter a firm having already had some exporting experience in previous positions and try to use this experience to further the business activities of their new firm. A new employee who firmly believes that the firm should undertake exporting may find ways to motivate the management. The development of a new product useful abroad can serve as such an event, as can the receipt of new information about current product uses. The organisation’s goal or management’s involvement in export activity also could result in operating abroad.

6.9 Impact of Proactiveness of the Entrepreneur

When there are more than two independent variables the analysis concerning relationship is known as multiple correlations and the equation describing such relationship is called as the multiple regression equation. Multiple regression is used to measure the impact of the identified dependent variables ie.,

- (i) Proactiveness of the Entrepreneur
- (ii) International Entrepreneurship theory variables as the independent variables identified for the study.

Table 5.9 Regression Results

Multiple r value	R ² value	F value	P value
0.671	0.450	12.115	0.000***

(*** p<0.001)

From the above table 5.9 it shows that r value is 0.671 and R² value is 0.450, the regression analysis can be applied.

The multiple correlation coefficient is 0.671 from the table 4.9.10, it measures the degree of relationship between the actual values and the predicted values of the Adjustment. Because the predicted values

are obtained as a linear combination of Proactiveness of the Entrepreneur (X_1) and the entrepreneurship theory variables (X_2), the coefficient value of 0.671 indicates that the relationship between adjustment and the independent variables are quite strong and positive.

The Coefficient of Determination R-square, measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of **R square** is 0.450 simply means that about 45% of the variation in adjustment is explained by the estimated SRP that uses international Entrepreneurship variables and Proactiveness of the Entrepreneur in international marketing as the dependent variables and R square value is significant at 1 % level

Table 5.9.1 Variables in the Multiple Regression Analysis

	Unstandardised coefficient	coefficient error	Standardized coefficient beta	t	LOS significance
A	b	error	beta		significance
1(constant)	0.401	0.110		3.635	***
X₁ Independant variables	-0.144	0.066	-0.403	-2.181	**
X₂	0.168	0.037	0.471	4.487	***
X₃	0.092	0.039	0.271	2.377	**
X₄	-0.216	0.052	-0.665	-4.172	***
X₅	0.060	0.064	0.178	0.942	0.348(NS)
X₆	0.000	0.043	-0.001	-0.005	0.996(NS)
X₇	0.256	0.052	0.685	4.891	***
X₈	-0.244	0.052	-0.780	-4.651	***
X₉	0.227	0.051	0.681	4.410	***

*** p<0.001 (a Predictors: (Constant), All the independent variables chosen for the test Growth Opportunity (X_1)Creativity/Innovation (X_2)Managerial Motivation(X_3)Technological advancement(X_4)Previous international experience(X_5)Market Opportunity(X_6)Entrepreneurial interest(X_7)Management’s ability to take risk(X_8)Risk seeking behaviour of Entrepreneurs(X_9) b Dependent Variable: Proactiveness of the entrepreneur).

From the above table, 5.9.1, based on the **Unstandardised coefficient** the regression equation can be formulated. The multiple regression equation is,

$$Y = 0.401 + 0.144X_1 + 0.168X_2 + 0.092X_3 + (-0.216)X_4 + 0.256X_7 + 0.244X_8 + 0.227X_9$$

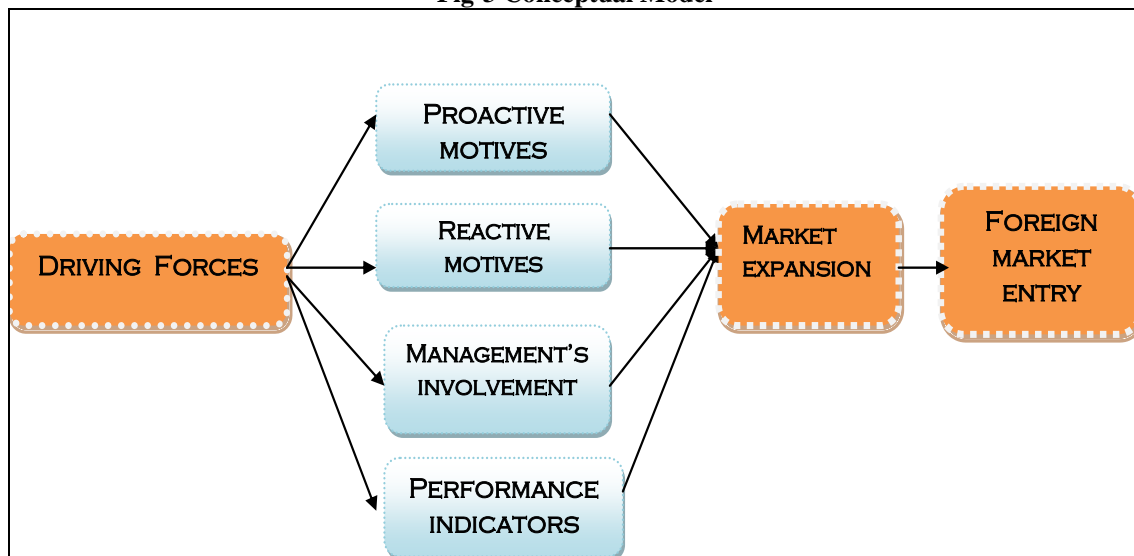
Here the coefficient of X_1 is 0.144 represents the partial effect of growth opportunity on proactiveness in Entrepreneurship as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.144 for every unit increase in entrepreneurship and this coefficient value is significant at 1% level. The coefficient of X_2 is 0.168 represents the partial effect of Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.168 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 5% level.

The coefficient of X_3 is 0.092 represents the partial effect of Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.092 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 5% level.

The coefficient of X_4 is -0.216 represents the partial effect of Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by -.0216 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 1% level. The coefficient of X_7 is 0.256 represents the partial effect of Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.256 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 1% level. The coefficient of X_8 is -0.244 represents the partial effect of Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by -0.244 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 1% level. The coefficient of X_9 is 0.227 represents the partial effect of

Entrepreneurship theory variables holding proactiveness as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.227 for every unit increase in proactive entrepreneurship in International Marketing and this coefficient value is significant at 1% level.

Fig-3 Conceptual Model



(Source: Conceptual model – constructed by own own for the research)

5.10 India's current foreign trade policy(2009-2014)

Given their importance, the Government policy framework right from the First plan has highlighted the need for the development of SSI sector keeping in view its strategic importance in the overall economic development of India. Accordingly, the policy support from the Government towards Small Scale Industries has tended to be conducive and favourable to the development of small entrepreneurial class. Government accords the highest preference to development of SSI by framing and implementing suitable policies and promotional schemes. The most important promotional policy of the Government for the SSI's is fiscal incentives in the form of tax concessions and exemptions of direct or indirect taxes leviable on production or profits. An annual export growth of 15% with an annual export target of US\$ 200 billion by March 2011.

- To come back on the high export growth path of around 25% per annum in the remaining three years of this Foreign Trade Policy i.e. upto 2014;

- To double India's exports of goods and services by 2014;

- The long term policy objective for the Government is to double India's share in global trade by 2020.

In order to meet the objectives stated above, the major thrust areas of strategy spelt out in FTP (2009-14) comprise a mix of policy measures including fiscal incentives, institutional changes, procedural rationalization, enhanced market access across the world and diversification of export markets. The FTP envisages three basic pillars for supporting India's exports. These are (i) infrastructure related to exports, (ii) bringing down transaction costs, and (iii) providing full refund of all indirect taxes and levies. The prime importance here is on a stable policy environment conducive to foreign trade by way of continuation of exporter friendly and transparent schemes/ facilities. In addition, after the operationalisation of the Goods and Services Tax (GST) regime, the Government will make concerted attempts to see that the GST rebates are given on all indirect taxes and levies on exports. *(adopted from Indian foreign trade policy 2009-2014)*

The institutional support on growth path, importance to exports, tax schemes and excise duty exemptions are the motivating factors in encouraging the exporters for foreign trade. Although these factors are encouraging and motivating, it was found that due to various political and instable market conditions are not favouring the selected Industry for marching toward the goals set by the Government. Entrepreneurs are expecting more facilities and Institutional support from various agencies for overcoming the hindering barriers in exporting.

5.11 Performance indicators as Motivators

Through the research it was identified that a group of high-performing SMEs based on their average annual growth rate over last three years through prominent international business. The performance indicators such as increasing competitive advantages, expansion of markets, trying to approach new markets, adaptation of technology, having their own R & D facility and innovation are also drives their firm toward internationalization.

Traditionally, internationalization e.g. exporting has been seen as a way to increase turnover of individual enterprises. Exporting as the traditional way to internationalize, is still very important, but during the last decade, internationalization has paved a way for Coimbatore based Pump and motor industry to increase their competitive advantages since it has become a much more differentiated business activity of crucial importance.

These were defined as SMEs who have achieved more than 10% average annual growth rate for 2012-2013. The study also classified SMEs by key competitive advantage where in they have gone to improve the “efficiency” or “innovation” Of course, all SMEs have a mix of both criteria but, through the research, it was identified that two groups exist according to their predominant business characteristics.

- Efficiency-driven companies compete on the basis of efficient production processes, quality product improvements and well-organised logistics services will motivate them for further search of business.
- Innovation-driven companies compete by providing new or unique products / services creating their own market and benchmark for a self-driven foreign business.

VII. FINDINGS & IMPLICATIONS

1. The proactive motives are the main drives of internationalizing among the select firms. The impact of proactiveness on entrepreneurial variables show a significant result. Hence the entrepreneurial orientation is affecting the internationalization process predominantly. A proactive entrepreneur will act as a driving force in the pace of internationalization.
2. Expansion of market is an encouraging and prominent force for internationalization. Since
3. Management’s role and their involvement in international operation will lead the firm for internationalization.
4. The institutional benefits or concessions may also lead to internationalization and sometimes lack of institutional support will hinder the involvement in internationalization.
5. Exclusive product characteristics and their innovations are the important forces. From the empirical evidence it is clear that, the firms have gone in adopting the foreign technology, working with commitment showed as a reactive force in internationalization.

Entrepreneurial Orientation (EO) plays an important role in providing a competitive advantage and present itself as a key to success and a force for SMEs in the export arena to sense and seize new opportunities and renew their existing base

The implications of this research are important for managers seeking to understand how the different sets of forces that may help their drive for internationalization. Managers of these firms should examine the factors and analyse the relative importance of each category of factors when making decisions about whether and what extent to engage in international markets. According to the findings of the study, it appears that firms should pay more attention on overcoming the barriers which itself motivate them for foreign business. Foreign partnerships, foreign investments and cross border clustering represent viable ways to facilitate exchanges of knowledge and technology in a manufacturing business and to strengthen the international business strategies of SMEs.

This will help them think the question of whether internationalization is really a right choice in view of the strength of domestic competition. However this paper points out the direction and may act as an indicator to how these companies perceive motives of internationalization. Thus it is believed that the findings are useful to better understand the driving forces of internationalization of small and medium enterprises.

VIII. CONCLUSION

This study has a number of limitations as some of which open up some exciting new avenues for future research. First, the results concerning the weak role of firm resources have left some important aspects unresolved. Although the research was concentrated only on finding the drives for internationalization but have not gone further to explore what firm-specific resources are involved in international business. The study has justified with exploring and understanding of what kind of forces have taken the Indian pump & motor manufacturers to the global markets.

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