



Role of Experiential Knowledge in the Pace of Internationalization - Empirical Evidence from the Pump and Motor Industries of Coimbatore

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ABSTRACT

SME internationalization has been the interest of many research scholars for the past two decades. Indian internationalization and the research on Indian manufacturing firms are quite a few in number. Indian firms are very sensitive towards risk and uncertainties faced by them in the global markets. The slow and incremental process of learning and acting in the international market would help the firms in sensing the risk factors. The SME sector in Coimbatore operates in the international markets with careful entry by the entrepreneur's proactiveness. The firms mainly depend on the acquisition of experiential knowledge by the owner/managers. Theories and models have explained the knowledge factors which are market knowledge, Business knowledge network knowledge, cultural knowledge, entrepreneurial knowledge and the operating knowledge, vital for exporting firms which are analysed in this paper. The results from selected exporting firms in Coimbatore clearly shows that the influence of Experiential knowledge positively affect the firm's performance and international growth.

Keywords: *Experiential Knowledge, Internationalization, SMEs*

I. INTRODUCTION

Experiential knowledge of foreign markets has been considered as essential for firm internationalization. This type of knowledge results from practice, and 'can only be learned through personal experience (Penrose, 1966). Based on the literature review on internationalization, experiential knowledge includes cultural knowledge (knowledge of language, habits, norms, laws, behaviour...), network knowledge (social and business network; knowledge as the network itself) and the entrepreneurial knowledge (knowledge of the existence of opportunities and exploiting them). Experiential knowledge, in the internationalization context, as a triad of these above-mentioned types of knowledge. The acquisition of experiential knowledge, starts in the pre-internationalization stage (network knowledge and entrepreneurial knowledge). It continues when the firm makes its first step in internationalization. The more the firm has experience, the more it tends to use it in later stages of internationalization. This is supported by process models, in which experiential knowledge has been considered as critical for more involvement in the foreign market. (Johanson and Vahlne, 1977; Wiedersheim-Paul's, 1975; Cavusgil's, 1980; Wortzel and Wortzel, 1981)

II. INDUSTRY PROFILE

Coimbatore is also called as the pump city of Asia. 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 market share. Over the years the city has become 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 leading presence from the water pump market, the city's manufacturing houses also specialize in the manufacture of industrial pumps. The motor and pump industry supplies over 40% of India's requirements. The Major Pump manufacturers includes Aquasub engineering, Mahendra Pumps, Suguna pumps, Sharp Industries, Deccan Pumps, CRI Pumps, Texmo Industries, PVG Industries, Egger Pumps, Grunfos, Flowserve, Kirloskar Brothers & KSB Pumps having manufacturing base in the city.

III. REVIEW OF LITERATURE

In the internationalization model, Johanson and Vahlne (1977) put forward the idea that relevant market knowledge can be divided into objective and experiential knowledge. Objective knowledge is obtained and learned by researching the new market before making any investment decisions and comprises information of market size, customer purchasing power, laws, and regulations. This data can be collected through secondary sources such as newspaper articles, magazines, reports and the Internet as well as public and private databases. This knowledge is relatively easy to acquire and should not be significant for the firm's performance in the host country (Denis & Depelteau, 1985).

Ashish Hajela & Prof. M. Akbar reported that, SMEs are actively involved in international markets, but they face problems in entering these markets (Reynolds, 1997). These problems are due to lack of knowledge about exports, marketing etc. SMEs internationalize through different ways which include networking with foreign firms, accessing foreign countries through trade fairs, export houses and publications. Other mechanisms for internationalization include entering into joint ventures, licensing arrangements and subcontracting (Pollard, 2001). Their 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. Learning is cumulative, and the ability to learn is greatest when the object of learning is related to what is already known. The more knowledge a firm has about a market, the easier and faster it can gain knowledge about a related market (Carlsson et al., 2005).

Casillas, Jos C.; Moreno, Ana M.; Acedo, Francisco J.; Gallego, Mara A.; Ramos, (2009) Knowledge is considered an essential resource in a company's internationalization process, both from the sequential point of view and from the perspective of International Entrepreneurship. The influence of knowledge on international behavior comprises several phases: prior knowledge; acquisition of new knowledge; integration of both sets of knowledge; action and feedback. Thus knowledge acquisition is very important in an organization for Internationalization. The internationalization process involves the accumulation of knowledge to compete effectively with host country firms in their own markets

(Cohen & Levinthal, 1990). This market knowledge is required to deal with culturally different employees, suppliers and customers.

IV. OBJECTIVES

1. To understand the role of Experiential Knowledge in the pace of Internationalization process.
2. To empirically find the application of Experiential knowledge on the demographic factors of the respondents
3. To analyse the role of Experiential knowledge with the firm's performance variables and the impact of application of experiential knowledge and the firm performance.

V. RESEARCH METHODOLOGY

5.1 Sample Size & Design

The research was conducted among the Pump and Motor manufacturers of Coimbatore district. From the database of 272 (both organised and unorganised sector) exporting firms from the same business line, 143 firms were chosen based on simple random sampling method. The researchers have adopted both qualitative and quantitative design of research. A well structured questionnaire was used to collect the data from the respondents. The respondents are Entrepreneurs of the firm, Marketing Heads and Export Managers. The research was carried out through an in depth interview with the respondents and a mail survey method also was adopted. The data was collected during March – June 2012. The article tries to bring out various export related knowledge factors required for the internationalization process of a firm and the analysis was done with the use of SPSS software.

5.2 Analysis of Data & Use of Statistical Tools

The following were the statistical analysis of tools used to conduct the tests and prove the hypotheses developed.

Table 1 -Application of statistical tools

Statistical tools	Purpose
Independent 't' test	To determine if the demographic variables are significantly different from the dimensions of Experiential knowledge.
Friedman test	To analyse the variance by mean ranks towards the degree of relationship between multiple factors affecting the firm's internationalization process and the role of experiential knowledge.
Oneway Anova & Post hoc Analysis	To compare the means between the Export Performance variables, to determine whether any of those means are significantly different from the 'experiential knowledge' variables and to find out how strongly the selected variables are associated.

VI. ROLE OF EXPERIENTIAL KNOWLEDGE

6.1 Experiential Knowledge

The term experiential knowledge refers to all types of knowledge that firms accumulate by being active in foreign markets, and implies the ability to search, analyze and act on international business issues in local markets. Experience generates business opportunities and constitutes a driving force in the internationalization process (Johanson & Vahlne, 1990: 33). On the other hand experiential learning or learning through experience from a firm's own activities is an important reason why internationalization is often a slow process. The necessary knowledge can be acquired but, because of its tacit character, the most efficient solution lies on the firm's own operations.

6.2 Role of Experiential Knowledge in Internationalization

With regard to experiential knowledge, **Johanson and Vahlne (1977)** consider two types: general and market-specific knowledge. General knowledge consists of marketing methods, rules and regulations related to purchases, sales, payments, employees and common characteristics of certain types of customers and suppliers without taking into account their geographical location. It is obtained by operating international business and can often be transferred from one country to another (**Johanson & Vahlne, 1990**). Market (country)-specific knowledge is related to knowledge of the specific country and its characteristics. It is critical to firms' internationalization (Penrose, 1959) and cannot be obtained as easily as objective knowledge because information tends to be complicated and tacit (Johanson & Vahlne, 1977). Three different components of experiential knowledge are identified in the internationalization process: lack of internationalization knowledge, lack of business knowledge and lack of institutional knowledge. Lack of internationalization knowledge refers to general experience gained from operating abroad. Lack of business knowledge captures knowledge about customers and markets abroad. Lack of institutional knowledge reflects knowledge about institutional conditions, the culture and language of foreign markets. Lack of internationalization knowledge has a direct effect on lack of business knowledge and lack of institutional knowledge, and an indirect effect on perceived cost of subsequent internationalization.

The experiential knowledge constructs includes various aspects of operating in international markets. The firm need to possess knowledge about foreign market, various associations and networks, country knowledge, institutional knowledge regarding the legal aspects, banking knowledge, customer information and the foreign operational knowledge. These types of knowledge can be acquired on an incremental base as the Uppsala theory suggests. The foreign market entry doesn't happen on one day but a gradual acquisition of such knowledge takes time for entering into foreign markets. The following are the knowledge constructs used for the study.

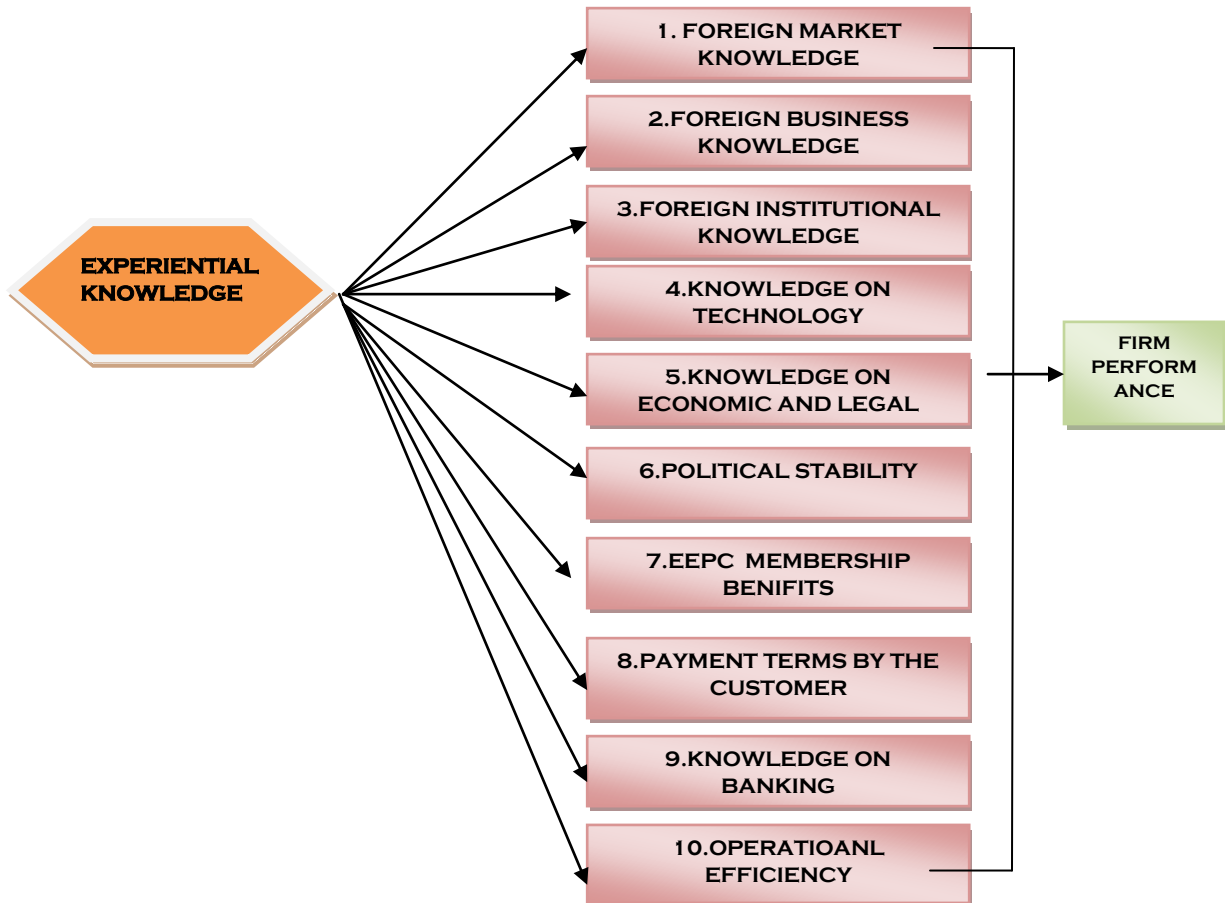


Fig.1- KNOWLEDGE CONSTRUCTS

(source : constructed for the research)

VII. ANALYSIS AND INTERPRETATION

The hypotheses were formulated to statistically prove that the requirement and acquisition of knowledge will decide a firm's success. The following are the hypotheses of the study.

H₁ : There is no significant difference between mean ranks towards Export related problems due to inadequacy of experience in foreign market

H₂ : There is no significant difference between the demographic variables (gender wise management constraint, Educational status, Age of the firm, Age of the respondents, Designation of the respondents) with respect to all dimensions of application of Experiential knowledge.

H₃ : There is no significant difference between the Number of years of experience of respondents in the International markets and the number of countries exported with respect to application of all requirements of experiential knowledge.

7.1 Role and Application of Experiential Knowledge in Internationalization

The Friedman test was applied to find out the significant difference between mean ranks towards export related problems due to inadequacy of experience in foreign markets.

H_1 : There is no significant difference between mean ranks towards Export related problems due to inadequacy of experience in foreign market.

Table 2 Export related problems due to inadequacy of experience in foreign market

	Export related problems due to inadequacy of experience in foreign market	Mean Rank	df	Chi square value	P value
1	Obtaining export finance	3.79			
2	Obtaining export insurance	4.27			
3	Export documentation	5.68			
4	Product suitability	7.83			
5	Communication with customers	3.61	10	496.516	.000**
6	Delivery delays	5.77			
7	Price competitiveness	8.07			
8	Tariff Barriers	8.06			
9	Currency fluctuations	8.07			
10	Delays in payments	5.97			
11	Lack of knowledge in banking formalities	4.90			

(** p =<0.001)

Since the chi square value is 496.516 at 10 degrees of freedom and the 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 **Export related problems due to inadequacy of experience in foreign market**. Based on mean rank the highest score would be for the variables such as, Price competitiveness, Tariff Barriers, Currency fluctuations. Lack of Experience related to the above said variables also affect the process of Internationalization of a firm.

7.2 Inferential Analysis

Differences between two groups in the mean scores of variables are studied using 't' test and also Chi-square test is used to verify the hypothesis stated.

H_2 : There is no significant genderwise difference with respect to the dimensions of Experiential knowledge.

Table 3 Acquisition and Application of Experiential knowledge based on gender

Knowledge variables	Gender	Mean	SD	t value	P value
Operational Experience	Male	46.01	4.394	0.412	0.681
	Female	46.54	4.807		
Overall Experiential Knowledge constructs	Male	250.97	31.478	0.419	0.676
	Female	247.15	29.799		
Competency for international Market	Male	31.74	3.619	2.108	0.037*
	Female	33.92	2.9		

(*denotes significance at 5% level).

Since p value is greater than 0.05, the Null hypotheses is accepted at 5 % level of significance with regard to all dimensions of knowledge except Competency for International markets. The p value for Competency for international market is 0.037 which is less than 0.05, the null hypotheses is rejected at 5% level of significance with regard to dimension of gender and Competency for international markets. Hence according to 't' test, there is no such difference between male and female with regard to all the levels of experiential knowledge. Both the gender have applied same Knowledge requirements on the operation of International markets. When the mean score is compared, it shows almost the same value for the results. Hence the null hypotheses is accepted for application of experiential knowledge and the competency level of individuals because the competency level generally differs from person to person.

H₃ : There is no significant difference between Educational status of the respondents with respect to dimensions of Experiential knowledge.

Table 4 Educational qualification and the application of experiential knowledge.

	Educational Qualification	N	Mean	SD	t value	P value
Operational Experience	Graduate	21	45.10	5.176	1.080	0.282
	Professional	122	46.22	4.277		
Overall Experiential Knowledge	Graduate	21	239.14	31.412	1.838	0.068
	Professional	122	252.60	30.918		
Competency for international Market	Graduate	21	32.76	4.592	1.136	0.258
	Professional	122	31.80	3.411		

Since p value is greater than 0.05, the Null hypotheses is accepted at 5 % level of significance with regard to all dimensions of Experiential knowledge. Hence the null hypotheses is accepted at 5% level of significance with regard to dimensions of **Educational status of the respondents with respect to dimensions of Experiential knowledge**. Hence according to t test, there is no such difference between acquiring / applying experiential knowledge in International markets. Graduates or Professionals whoever operates in the International markets need to apply their experiential knowledge with no difference. When the mean score is compared, it shows almost the same value for both the respondents.

H₄ :There is no significant difference between Age of the respondents with respect to experiential knowledge.

Table 5. Age of the respondents with respect to Experiential Knowledge

Experiential Knowledge Factors	Age group	N	Mean	S D	F Value	P Value
Market Knowledge	Below 40	24	62.46 _{ab}	3.230	0.522	0.594
	40-50	87	62.05 _a	4.988		
	Above 50	32	63.03 _b	4.829		
	Total	143	62.34	4.692		
Institutional Knowledge	Below 40	24	25.96 _b	3.000	0.067	0.935
	40-50	87	25.75 _{ab}	3.247		
	Above 50	32	25.66 _a	2.801		

	Total	143	25.76	3.092		
Technology	Below 40	24	14.04 _a	1.546	0.390	0.678
	40-50	87	14.06 _b	1.728		
	Above 50	32	14.34 _{ab}	1.428		
	Total	143	14.12	1.629		
Economic and legal consideration	Below 40	24	22.83 _b	2.959	1.387	0.253
	40-50	87	22.62 _a	2.616		
	Above 50	32	23.53 _{ab}	2.475		
	Total	143	22.86	2.653		
Political stability	Below 40	24	14.54 _a	2.467	1.452	0.238
	40-50	87	14.54 _b	2.286		
	Above 50	32	15.34 _{ab}	2.431		
	Total	143	14.72	2.357		
EEPC membership benefits	Below 40	24	26.54 _b	1.911	0.037	0.963
	40-50	87	26.46 _a	2.560		
	Above 50	32	26.59 _{ab}	2.662		
	Total	143	26.50	2.472		
Banking	Below 40	24	13.96 _{ab}	1.160	0.535	0.587
	40-50	87	13.82 _a	1.567		
	Above 50	32	14.13 _b	1.385		
	Total	143	13.91	1.463		
Payment terms	Below 40	24	26.50 _a	1.842	0.628	0.535
	40-50	87	25.77 _{ab}	3.060		
	Above 50	32	25.78 _b	3.077		
	Total	143	25.90	2.892		
Operational Experience	Below 40	24	46.67 _{ab}	3.897	1.489	0.229
	40-50	87	45.55 _a	4.610		
	Above 50	32	46.97 _b	4.162		
	Total	143	46.06	4.418		
Overall Experiential Knowledge	Below 40	24	252.58 _{ab}	20.564	0.469	0.627
	40-50	87	248.64 _a	31.774		
	Above 50	32	254.53 _b	36.444		
	Total	143	250.62	31.247		
Competency for international Market	Below 40	24	32.88 _a	3.069	1.261	0.287
	40-50	87	31.60 _{ab}	3.759		
	Above 50	32	32.16 _b	3.511		
	Total	143	31.94	3.606		

(Source : Primary data)

The Table 5, shows the ANOVA results on Age and Experiential Knowledge of respondents. Since P value is greater than 0.05, for all the knowledge constructs, the null hypothesis is accepted at 5 percent level of significance with regard to the dimensions of Age group of the respondents and the application of Experiential knowledge. Based on the Duncan multiple range test, the mean value shows almost similar values for all age groups. It is concluded that, in all the experience variables, irrespective of the age group, the application of the knowledge factors are same. With respect to the dimensions of banking, operational experience and the overall application of experiential knowledge

gives a result of the group belonging to below 40 years of age are not significant with other age group of the respondents.

H_{2.4}: There is no significant difference between the Designation of the respondents with respect to experiential knowledge.

Table 6. Designation of the respondents with respect to experiential knowledge.

	Designation	N	Mean	S. D	F Value	P Value
Institutional Knowledge	Marketing Manager	7	24.86	3.579		
	Export Manager	41	25.20	3.116		
	Vice President	12	26.17	3.070	0.985	0.402*
	Entrepreneur	83	26.06	3.046		
	Total	143	25.76	3.092		
Political stability	Marketing Manager	7	12.43	.787		
	Export Manager	41	15.20	2.326		
	Vice President	12	15.67	2.570	3.772	0.012*
	Entrepreneur	83	14.54	2.307		
	Total	143	14.72	2.357		
EEPC membership benefits	Marketing Manager	7	24.43	4.650		
	Export Manager	41	26.22	2.080		
	Vice President	12	27.58	1.730	2.805	0.042*
	Entrepreneur	83	26.66	2.426		
	Total	143	26.50	2.472		
Payment terms	Marketing Manager	7	23.00	6.856		
	Export Manager	41	25.68	2.832		
	Vice President	12	26.67	2.146	3.006	0.033*
	Entrepreneur	83	26.13	2.372		
	Total	143	25.90	2.892		
Operational Experience	Marketing Manager	7	43.43	8.264		
	Export Manager	41	46.32	3.856		
	Vice President	12	47.25	2.563	1.179	0.320
	Entrepreneur	83	45.98	4.453		
	Total	143	46.06	4.418		
Overall Experiential Knowledge	Marketing Manager	7	228.29	58.526		
	Export Manager	41	247.78	27.624		
	Vice President	12	269.00	23.645	2.803	0.042*
	Entrepreneur	83	251.25	29.941		
	Total	143	250.62	31.247		
Competency for international Market	Marketing Manager	7	29.43	5.912		
	Export Manager	41	32.32	3.424		
	Vice President	12	31.33	2.774	1.432	0.236
	Entrepreneur	83	32.05	3.540		
	Total	143	31.94	3.606		

*denotes significant at 5 % percent level

The ANOVA results from Table 6, shows a P value which is greater than 0.05, for Market knowledge, knowledge about technology, Economical and legal consideration of the host country, Banking knowledge, Operational experience, competency for international markets, thus the null

hypothesis is accepted at 5 percent level of significance with regard to the dimensions of Designation of the Respondents and Experiential knowledge.

Other variables such as, Institutional knowledge, political stability of the host country, EEPc membership benefits and payment terms of the host country shows the p value of less than 0.05, ($p < 0.05$) which is significant at 5 % level. Since the knowledge level and experience gained by individuals differs with regard to educational background, country knowledge etc., the null hypotheses is rejected and concluded that with regard to the dimensions of Designation of the Respondents and their respective Experiential knowledge variables has significant differences.

H_{2.5} : There is no significant difference between the Age of the Firm with respect to application of experiential knowledge.

Table 7 Age of the Firm/ Business with respect to application of experiential knowledge

	Age of the Firm	N	Mean	S D	F Value	P value
Market Knowledge	Below 5	8	61.50	4.036	0.241	0.786
	6-10	17	62.88	3.855		
	Above 10	118	62.31	4.860		
	Total	143	62.34	4.692		
Institutional Knowledge	Below 5	8	26.88	4.016	0.726	0.485
	6-10	17	26.12	2.667		
	Above 10	118	25.64	3.090		
	Total	143	25.76	3.092		
Technology	Below 5	8	14.13	1.356	0.000	1.000
	6-10	17	14.12	1.654		
	Above 10	118	14.12	1.655		
	Total	143	14.12	1.629		
Economic and legal consideration	Below 5	8	23.25	3.196	0.338	0.714
	6-10	17	22.41	2.551		
	Above 10	118	22.90	2.645		
	Total	143	22.86	2.653		
Political stability	Below 5	8	14.38	1.923	0.159	0.853
	6-10	17	14.94	2.461		
	Above 10	118	14.71	2.383		
	Total	143	14.72	2.357		
EEPc membership benefits	Below 5	8	26.63	2.504	0.117	0.890
	6-10	17	26.24	1.751		
	Above 10	118	26.53	2.571		
	Total	143	26.50	2.472		
Banking	Below 5	8	13.38	1.408	0.959	0.386
	6-10	17	14.24	1.300		
	Above 10	118	13.90	1.487		
	Total	143	13.91	1.463		

Payment terms	Below 5	8	26.38	1.923	0.326	0.722
	6-10	17	26.29	1.829		
	Above 10	118	25.81	3.070		
	Total	143	25.90	2.892		
Operational Experience	Below 5	8	47.00	3.742	0.528	0.591
	6-10	17	46.82	4.081		
	Above 10	118	45.88	4.516		
	Total	143	46.06	4.418		
Overall Experiential Knowledge	Below 5	8	251.00	24.704	0.001	0.999
	6-10	17	250.88	18.841		
	Above 10	118	250.56	33.165		
	Total	143	250.62	31.247		
Competency for international Market	Below 5	8	33.38	4.868	1.478	0.232
	6-10	17	32.88	3.160		
	Above 10	118	31.70	3.560		
	Total	143	31.94	3.606		

From Table 7, since P value from ANOVA results, is greater than 0.05, for all the knowledge variables, the null hypothesis is accepted at 5 percent level of significance with regard to the dimensions of Age of the Firm/ Business with respect to experiential knowledge, because the application of experiential knowledge is the same for all the categories. Even if the Age of the firm differs, the application of experiential knowledge in International market is same. Thus the technological knowledge shows no significant difference with the Age of the firm. The firms need to have technical expertise to operate in the international market. Even if some firms involve in private labeling strategy of selling also need to update with recent technological advancements. The overall application of knowledge variable also shows a p value of 0.999 which is higher than 0.05 ($p > 0.05$). Hence the null hypotheses gets accepted with regard to the dimensions of Age of the firm and Experiential knowledge.

H_{3.1} : There is no significant difference between the Number of years of experience in the International markets of the respondents with respect to application of experiential knowledge.

Table 8 Number of years of experience in the International markets of the respondents with respect to application of experiential knowledge.

Knowledge	Experience in the International markets	N	Mean	S D	F Value	P Value
Market Knowledge	Below 10	37	62.59	3.444		
	10-20	81	62.26	5.215		
	Above 20	25	62.20	4.655	0.077	0.926
	Total	143	62.34	4.692		
Institutional Knowledge	Below 10	37	26.08	3.121		
	10-20	81	25.79	3.216	0.610	0.545
	Above 20	25	25.20	2.646		
	Total	143	25.76	3.092		

Technology	Below 10	37	14.14	1.398		
	10-20	81	14.06	1.770	0.172	0.842
	Above 20	25	14.28	1.514		
	Total	143	14.12	1.629		
Economic and legal consideration	Below 10	37	22.92	3.040		
	10-20	81	22.72	2.511	0.382	0.684
	Above 20	25	23.24	2.554		
	Total	143	22.86	2.653		
Political stability	Below 10	37	14.54	2.501		
	10-20	81	14.59	2.296	1.271	0.284
	Above 20	25	15.40	2.309		
	Total	143	14.72	2.357		
EEPC membership benefits	Below 10	37	26.65	1.859		
	10-20	81	26.46	2.655	0.085	0.918
	Above 20	25	26.44	2.725		
	Total	143	26.50	2.472		
Banking	Below 10	37	14.05	1.290		
	10-20	81	13.85	1.542	0.246	0.782
	Above 20	25	13.88	1.481		
	Total	143	13.91	1.463		
Payment terms	Below 10	37	26.49	1.880		
	10-20	81	25.73	3.162	1.077	0.343
	Above 20	25	25.56	3.176		
	Total	143	25.90	2.892		
Operational Experience	Below 10	37	46.76	3.954		
	10-20	81	45.56	4.615	1.207	0.302
	Above 20	25	46.64	4.367		
	Total	143	46.06	4.418		
Overall Experiential Knowledge	Below 10	37	250.62	21.914		
	10-20	81	249.35	32.712	0.284	0.753
	Above 20	25	254.76	38.292		
	Total	143	250.62	31.247		
Competency for international Market	Below 10	37	33.05	3.109		
	10-20	81	31.49	3.725	0.284	0.753
	Above 20	25	31.72	3.680		
	Total	143	31.94	3.606		

The ANOVA results of the above Table 8 shows, P value greater than 0.05, for all the knowledge variables, so the null hypothesis is accepted at 5 percent level of significance with regard to the dimensions of Number of years of experience in the International markets of the respondents with respect to experiential knowledge, because the application of experiential knowledge is the same for all the categories. The mean value is almost same for all the respondents and even if they gain international experience, the application of knowledge constructs and its level are same for all the respondents.

H_{3.2} : There is no significant difference between the Number of countries exported with respect to application of all requirements of experiential knowledge.

Table 9 Number of Countries exported with respect to application of experiential knowledge

	No. of countries exported	N	Mean	S. D	F Value	P Value
Market Knowledge	Below 5	32	61.69	4.755	2.449	0.066
	6-10	40	63.88	2.866		
	11-20	33	61.12	5.797		
	Above 20	38	62.32	4.855		
	Total	143	62.34	4.692		
Institutional Knowledge	Below 5	32	25.88	3.290	0.447	0.720
	6-10	40	25.55	2.562		
	11-20	33	26.24	3.163		
	Above 20	38	25.47	3.423		
	Total	143	25.76	3.092		
Technology	Below 5	32	14.13	1.601	1.297	0.278
	6-10	40	14.45	1.154		
	11-20	33	13.70	2.054		
	Above 20	38	14.13	1.647		
	Total	143	14.12	1.629		
Economic and legal consideration	Below 5	32	22.94	2.539	0.516	0.672
	6-10	40	22.43	2.845		
	11-20	33	23.03	2.604		
	Above 20	38	23.11	2.628		
	Total	143	22.86	2.653		
Political stability	Below 5	32	14.81	2.608	1.734	0.163
	6-10	40	14.20	2.053		
	11-20	33	14.52	2.108		
	Above 20	38	15.37	2.562		
	Total	143	14.72	2.357		
EEPC membership benefits	Below 5	32	25.78	2.419	2.387	0.072
	6-10	40	27.23	1.672		
	11-20	33	26.15	3.134		
	Above 20	38	26.66	2.441		
	Total	143	26.50	2.472		
Banking	Below 5	32	14.06	1.605	0.636	0.593
	6-10	40	13.98	1.165		
	11-20	33	13.61	1.638		
	Above 20	38	13.97	1.479		
	Total	143	13.91	1.463		
Payment terms	Below 5	32	25.84	3.163	0.749	0.525
	6-10	40	26.35	1.703		
	11-20	33	25.33	3.739		
	Above 20	38	25.95	2.837		
	Total	143	25.90	2.892		

Operational Experience	Below 5	32	46.78	4.528	0.969	0.409
	6-10	40	46.08	3.633		
	11-20	33	45.00	5.037		
	Above 20	38	46.34	4.510		
	Total	143	46.06	4.418		
Overall Experiential Knowledge	Below 5	32	250.91	33.290	1.051	0.372
	6-10	40	255.43	27.392		
	11-20	33	242.73	38.207		
	Above 20	38	252.18	26.119		
	Total	143	250.62	31.247		
Competency for international Market	Below 5	32	32.97	4.052	1.802	0.150
	6-10	40	31.10	2.658		
	11-20	33	31.61	4.130		
	Above 20	38	32.24	3.475		
	Total	143	31.94	3.606		

From Table 9, ANOVA results provides a P value greater than 0.05, for all the knowledge variables, so the null hypothesis is accepted at 5 percent level of significance with regard to the dimensions of Number of countries exported with respect to application of experiential knowledge, because the application of experiential knowledge is the same for all the categories. Even if the export takes place in different countries the application of experiential knowledge in International market is the same. The overall application of knowledge variable also shows a p value of 0.372 which is higher than 0.05 ($p > 0.05$). Hence the null hypotheses gets accepted with regard to the dimensions of number of countries exported and the application of Experiential knowledge.

VIII. EMPIRICAL FINDINGS

From the analysis it is evident that,

- Lack of experience in operating with international markets will affect the firm.
- From the analysis, the entrepreneurs of the firms showed great interest in acquiring with all dimensions of Experiential knowledge. Hence the overall experiential knowledge requirement also shows the p value which is lesser than 0.05 and the null hypotheses gets rejected because, the designation differs in acquiring and applying experiential knowledge in international markets.
- There is no significant difference between the Number of years of experience in the International markets of the respondents with respect to application of experiential knowledge since the international market knowledge and all the other country knowledge need to be updated and the knowledge on changing global scenario need to be of much importance.

- The overall application of knowledge variable shows a p value of 0.753 which is higher than 0.05 ($p > 0.05$). Hence the null hypotheses gets accepted in application of Experiential knowledge in International markets even though the respondent's international experience differs.
- Even if the experience level differs from firm to firm, the application of experiential knowledge in International market is the same.
- The demographic factors such as, age of the firm, experience of the respondents, designation of the respondents, number of countries exported, education and age group of the respondents are not showing significant difference in the application of all dimensions of experiential knowledge. The results are not significant with regard to application of knowledge constructs in the international markets.

IX. MANAGERIAL IMPLICATIONS AND CONCLUSION

Knowledge Barriers affect the firm in successful internationalization process. Having experienced staff in foreign operations, developing knowledge competencies and overcoming knowledge barriers of the selected SMEs would help the firm for better growth and performance. Hence experiential knowledge helps the firm to overcome the barriers. From the research it is clear that the knowledge requirement to operate in international markets, will not vary according to the demographic factors. The application of experiential knowledge is same for all the exporting firms. Hence the small firms, slowly expand and acquire market knowledge. Knowledge about foreign market can be seen as the difference between failure and success. Cultural knowledge has to be seen as a key factor for the marketer, adaptation to another market's culture is therefore something that a firm has to do for a successful establishment on the market. When entering a new country firms should estimate the economic aspects and political environment. By doing so, the firm will contribute to a more clear picture about the foreign markets, its political and legal regulations enables them to exploit opportunities in a better way. Overall one important insight is that every firm has to assess their available resources, skills, technology, product capabilities and networks before designing a path or strategy towards internationalization. SMEs often suffer from resource poverty and one small mistake could be fatal for the whole firm. Thus it is of significant importance to develop and maintain fruitful relationships with the different actors in the market such as, suppliers, business partners, associations towards the pace of internationalization.

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