

INTERNATIONALIZATION OF SMES: AN EMPIRICAL STUDY IN VIJAYAWADA CITY

Kalagadda Prasanthi* and M. Bhaskar Rao**

Small and Medium Enterprises (SMEs) sector is vibrant in many countries contributing to the economic growth. Internationalization of SMEs is a natural consequence of globalization and liberalization. SMEs have potential for innovation leading to their competitive advantage and growth opportunities and hence can expand beyond overseas. Internationalization is the process of expanding business beyond domestic markets. It is synonymous for the geographical expansion of economic activities over country's border. It means changing state of SMEs from a single market to multiple markets. The growth of the firm is the basis for considering internationalization of SMEs although to some degree both are intertwined. Internationalization would have a positive influence on innovations in SMEs, if adequately backed up by facilities for Research and Development (R&D) and marketing capabilities. SMEs play an important role in new product development, employment generation, exports and contribute to GDP in many countries. Internationalization process impacts the performance of SMEs. Most of the SMEs internationalize due to the lack of alternative market opportunities. There are many factors that contribute to the process of internationalization, with a series of interrelated activities which result in the overall growth of the firm. This paper focuses on how the internationalization process affects the firm performance. The study was carried out in Vijayawada region in the State of Andhra Pradesh in India.

Key words: Competitiveness, Competitive advantage, Economic growth, GDP, Globalization, Innovation, Internationalization, Liberalization, Research and Development.

INTRODUCTION

Small and Medium Enterprises (SMEs) account for more than 95% of the firms in many countries (Yu-Ching Chiao, 2006). SMEs contribute nearly 40% of the gross industrial value. Overall thirteen million of SME units in India are employing 41 million people, having an approximate share of 45% of manufacturing output, 40% of exports, produce more than eight thousand products and contribute to 35% of gross industrial exports. SME is closely associated with the growth and performance of the country (Lu, 2001). Globalization and liberalization had given intensified competition which leads the SMEs to internationalize. Internationalization process had come into emergence from 1920s. SMEs can use the internationalization as a strategy to overcome the resource barriers. The economic internationalization process accelerated in the post-second-world-war era and appeared unrivalled until the early 1970s, when a new phenomenon of globalization started to emerge (Gjellerup, 2000).

* Research Scholar, KL University, Vaddeshwaram, Green fields, Guntur, Andhra Pradesh, E-mail-kalagadaprasanthi@yahoo.com

** Dean of Planning & Direction, KLUniversity, Vaddeshwaram, Guntur, Andhra Pradesh, E-mail-mbr.mpb@gmail.com

SMEs need to face more competition from the domestic market itself. The way to achieve the growth, competitive advantage and even sustainability is to internationalize. Through the cross border activities the knowledge can be shared, increase export activities and finally achieve growth. According to OECD (2000), small firms are contributing 25% to 35% of world's export of manufactured products and one fifth of the manufacturing firms receive 10% to 40% of cross border activities (Anderson, 2004). The internationalization process must involve the strategic decisions of the SMEs. SMEs have more innovative potential and they are flexible with the changing environment. Unlike large enterprises having strong resources and capabilities and are more competitive in foreign markets, SMEs lack resources and skilled human capital. Due to less complexity of the organizational structure and smaller size they are better placed to internationalize. Globalization had created both opportunities and threats to SMEs (Wang, 2012). Competitive and innovative SMEs are generally characterized by continuous growth and knowledge (Sass, 2012). SMEs are key source for innovation which includes not only new products and services, but also improved designs and processes and adaption of new technologies (Ummu, 2012). Apart from the growth strategy, SMEs need to internationalize for reform and opening-up, measured in terms of size, number, financial status and profitability (Loane, 2010). There are a number of factors both internal and external which influence and facilitate the internationalization process. The importance of entrepreneurship orientation and the social capital facilitate the internationalization (Zhang, 2012) (Javalgi, 2011), (Wright, 2007). A positive relationship exists between market orientation, international orientation and the degree of internationalization of Indian SMEs. The top management must give priority in promoting the internationalization specifically in turbulent markets (Javalgi R. G. , 2011).

LITERATURE REVIEW

Internationalization is one of the ways for growth and competitive advantage of the SMEs. The internationalization process is based on the entrepreneur's previous experience and his impact on the previous experience (Votoupalova, 2015). The process of internationalization is one of the key strategies to overcome the competition. The internationalization process apart from previous experience is based on the information about the market knowledge before the market entry (Toulova, 2015). The international activities also promote the innovation activities of SMEs (Ren, 2015). The internationalization process makes the SMEs to move globally and involve in international market (De Noni, 2015). The innovation management impacts on the international activities and performance of SMEs. There is a positive relationship between the internationalization process and growth of the firm (Kunttu, 2015). The internationalization process also depends on the individual mind set and the corporate mind set (Augusto Felício, 2015). The SME

retailer must understand the problems of the internationalization process and the support from the organizations because they do not always support the needs of the company. Situations are different for each country in internationalization process (Gardo, 2015). There is a positive relationship between the firm performance in international sales and the internationalization process (Fernández Olmos, 2015). Through the influence of imitation (similar network modes), network position and international experience also enhances the process of internationalization (Oehme, 2015). As a result of globalization and the born global firms, firm age entry into foreign markets is negatively related to internationalization (Ruzzier, 2015). The social network and international entrepreneurship shows the impact on internationalization (Musteen, 2014), (Löfgren, 2014). The impact of innovation in the internationalization is intensively studied in the traditional industries like textiles and clothing in driving export performance (Zucchella, 2014). The SMEs with the cooperation of the large enterprises can overcome the liability of the outsider ship and foreignness (Dias & Eurico, 2014). The motives and barriers for the process of internationalization are assessed between the internationalized and non-internationalized SMEs (Korsakiene, 2014). The decision mode associated to the different information's use and different patterns of network attachment also influences the process of internationalization (Child, 2014), (Ciravegna, 2014). The industrial SMEs need to collaborate with the service sector since they have become a key element for innovation and export performance in many of the developed countries (Raymond, 2014). The information technology capabilities and the information requirements has a positive influence in the internationalization process (Dutot, 2014). The interaction between the family ownership and the institutional ownership is positively related to internationalization (Hsiang-Lan Chen, 2014). Resource is one of the key dimension not just markets in the high tech SMEs (Hewerdine, 2014). The human capital plays an important role in the internationalization process (ST-PIERRE, 2014). The relationship between the management team's characteristics and factors company's development by examining the causal effects of managerial characteristics on innovative behaviour of SMEs influence for international market expansion (Omri, 2014). The knowledge resources using the knowledge bases and knowledge intensity are linked with the international patterns (Testa, 2014). Unlike other knowledge-based internationalization models, the firms are largely influenced by their current experience rather than past experience because of frequent shifts in the institutional environment (Thai, 2013). E-Commerce is one of the determinant factors for internationalization (Fr'ckiewicz, 2013). The entrepreneurial orientation of firms as determined by national cultural factors is related to the internationalization of SMEs in emerging and developing countries (Ketkar, 2013). The government support, research and innovation, development of export industry and entrepreneurial relationships are the key factors driving the internationalization

process (Shah, 2013). Political instability, corruption, bounded cognition, over-patriotism, and high power distance act as the main constraints, while demands for new knowledge and funding are identified as the main drivers for internationalization (Volchek, 2013). The internal characteristics of the organization, the business orientation of the directors, and aspects related to the business environment are related to the internationalization (Escandón Barbosa, 2013). Geographic pathways (regional and global path ways) determine the export performance of SMEs in the internationalization (D'Angelo, 2013). The SME internationalization process is dependent upon the performance (Krašnicka, 2013). The CEOs of the SME who have a greater information processing capability have positive moderating effects on the internationalization performance relationship (Hsu, 2013). The strategic capability of the firm enables the firm in the process of internationalization (Raymond L. -P. , 2013). Apart from the entrepreneurs action and learning from the market, the social learning also facilitates the internationalization process (Kauppinen, 2012). The SME survival, technology resources and alliances of R&D also directly impact on the internationalization process (Lee, 2012). The motives and barriers restrict the firm in the process of internationalization (Korsakienė, 2012). Internationalization of family SMEs has the impact of ownership, governance, and top management team (Segaro, 2012). Internationalization process is based on the firm based characteristics like the managerial orientation, maintaining business reputation, enhancing market share and revenue, technological advancement, and flexibility of operations (Jekanyika Matanda, 2012). The specific strategic focus in knowledge-intensity, international network, and international experience is the determinant success aspect of the change in the internationalization process (Kalinic, 2012). The born global and 'born again' global internationalization patterns, which differ in terms of pace and degree of internationalization with regard to antecedents and firm characteristics, respectively (Kuivalainen, 2012), (Olejnik, 2012). The role of innovation ,entrepreneurship, networks and foreign market knowledge involves in the process of internationalization (Galimberti, 2011), (Che Senik, 2011), (Kwan Tang, 2011), (Michna, 2011). Apart from the motives and drivers for the process of internationalization there are internal and external barriers for SMEs (Cardoza, 2011). It is widely accepted that internet and allied information communication technologies facilitate internationalization. Internet is the key driver for internationalization (Bell, 2010). The innovation accelerates in the process of internationalization (Ripolles Melia, 2010). Based on social capital theory and the international entrepreneurship literature, the international network of SME CEOs to two internationalization outcomes speed and performance (Musteen M. J. , 2010). The top management have a high influence in the internationalization process (Fernandez-Ortiz, 2009). Globalization had given both opportunities and challenges (Garcia, 2009). In the process of using the internet the export performance is highly

noticed (Gurãu, 2008). Internationalization process of SMEs is based on the entrepreneur's human capital (Ruzzier M. B. , 2007). The influence of internet has high impact in the internationalization process of SMEs (Yi-Long Jaw, 2006). Internationalization process influences the export performance of the country (Antonio Belso-Martínez, 2006). The internationalization of SMEs is based on the various management responses to external changing environment (Etemad, 1999). The Internet will have a revolutionary impact on the conduct of international trade, a major education and training initiative is required to improve knowledge and understanding in this area and to encourage more effective use of the Internet to support SME internationalization(Hamill, 1997). Export marketing strategy, domestic competitive strategy and the pricing strategy adopt to choose foreign markets(Stewart, 1997). Havnes (1994) argued that any of the models of small firm internationalization can be seen as presenting either a market, firm or entrepreneurship perspective.

INTERNATIONALIZATION – THE EVOLUTION OF THE CONCEPT

Globalization is usually referred when the firm operates globally, not just in one country. Internalization can be expected to be associated with operation method, sales objects, target markets, organizational capacity, personnel organizational structure and finance (Welch, 1988). Globalization also includes the functional integration of geographically dispersed economic activities. It means something more in terms of the scope, content and intensity of mutual connections, capital and management involvement (Svetlicic, 1996) and is therefore a qualitative extension of internationalization (Gjellerup, 2000). Several researchers, academicians and other alliances had done a lot of research on the process of the internationalization (Francionii, 2013). Some of the research contributions of the authors are as follows.

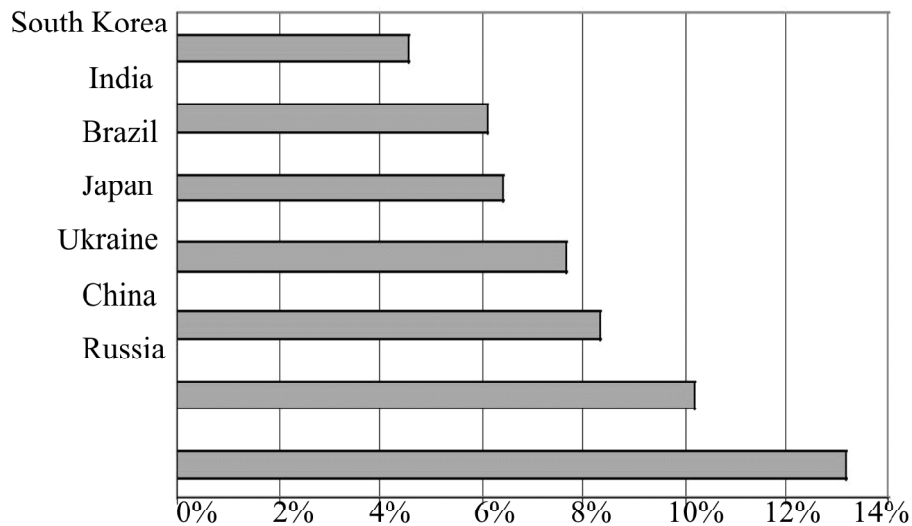
<i>Author</i>	<i>Year</i>	<i>Definition</i>	<i>focus</i>
Welch and Luostarinen	1993	Internationalization is the outward movement of a firm's international operations	Process, firm's operations
Calof and Beamish	1995	Internationalization is the process of increasing involvement in international operations	Process, firm's operations
Johanson and Mattson	1993	Internationalization is the process of adapting firms' operations (strategy, structure, resources etc.) to international environments	Process, firm's operations
Johanson and Vahlne	1990	Internationalization as a cumulative process in which relationships are continually established, developed, maintained and dissolved in order to achieve the firm's objectives	Relationships, process
Lehtinen and Penttinen	1999	Internationalization as developing networks of business relationships in other countries through extension, penetration and integration	Networks, relationships

contd.

<i>Author</i>	<i>Year</i>	<i>Definition</i>	<i>focus</i>
Lehtinen and Penttinen	1999	Internationalization concerns the relationships between the firm and its international environment, derives its origin from the development and utilization process of the personnel's cognitive and attitudinal readiness and is concretely manifested in the development and utilization process of different international activities, primarily inward, outward and cooperative operations	Relationship, firm's operations, process, internal environment
Ahokangas	1998	Internationalization is the process of mobilizing, accumulating and developing resource stocks for international activities	Resources, processes

(Source: http://www.conceptme.pt/conceptme/images/9/97/SME_internationalization_research_past,_present,_and_future.pdf)

The percentage of internationalized SMEs that have business activities in the seven target countries viz. , Brazil, China, India, Japan, Russia, South Korea and Ukraine. Several SMEs in the developing countries around the world are being successfully internationalized. The importance of internationalization had been realized. The reasons for the internationalization may be for sustainability, competitive advantage, geographical expansion of the product or process, new customers, new products, technology advancement, additional production capacity, and high labour cost in the domestic market.



Source: Survey 2009-2010, Opportunities Internationalization SMEs, EIM/GDCC (EU27, N = 6649)

According to this survey most of the developing countries in the world undergo internationalization process which is considered as a growth strategy.

IMPACT OF INTERNATIONALIZATION

The degree of internationalization reflects on firm's level or extent of international diversification and its usually reflected by the number of different markets in which the firm operates and their importance to the firm. It is measured by the percentage of foreign sales to total sales (FSTS) (Preece, Miles and Baetz, 1999). Global market diversification provides the firms with opportunities to increase the returns by leveraging the existing products, competencies across multiple global markets with higher performance and lower risk, offers opportunities for economies of scale and scope, diversity of markets also increases the likelihood that innovation will satisfy the customer needs, provides the firm with ability to maximize the firm resources across markets (Radulovich, 2008).

Each entry mode has its own limitations and risk as well as control and potentials. The company has to check whether to go international or not. Next they had to verify the risk and opportunities. Next it has to identify the international marketing objectives and policies and decide upon which market to enter. Usually every company selects only one or few companies and establishes a deep relationship. Through the entry modes like mergers and acquisitions, foreign direct investments or strategic alliances it takes the entry. Next it has to decide whether to use standardized marketing mix or adapted marketing mix adjusted to each market. The next stage is to decide on the global marketing programme and adjust their national marketing programme to international programme. The final stage is to decide upon the global marketing organization. Most of the companies have the following three ways of internationalization like starting with the establishment of export department, thus an internationalization division is created.

According to Hollensen (1998) entry strategies for international markets are the key strategic issues for the companies. Root (1994) states the entry strategies help to set the objectives, goals, resources and policies which help in international business activities and drives to reach the sustainable growth in the international market.

There is no best way to enter a new market because each country has different rules, policies, strategies and cultures. The top management and the entrepreneur involve and take the decision pertaining to the organization (Francisco Jose Acedo, 2006), (Ruben Fernandez-Ortiz, 2009).

The managerial factors like education, experience, foreign exposure, positive influence to internationalization process, family management and human capital (Mitza Ruzzier B. A. , 2007)(Daniele Cerrato, 2010) also affects the process of internationalization (Rutihinda, 2008). The factors affecting the entrepreneurial perception and internationalization are competition, marketing, global value chains,

open networking (Maria Chiarvesio, 2010), strategic orientation, technology and government support (Bhatti, 2012).

The critical factors in the international cooperation are growth, (Jane W. Lu, 2006) knowledge-related motives and external environment (Daria Volchek, 2013) of SMEs. The international activities in the SMEs like firms size/age, technology level of the firm (Jim Hamill, 1997), CEO age, formal planning meetings and industry environment also act as a determinant factor for the internationalization (Svante Andersson J. G. , 2004). A study on 105 US small manufacturing firms concluded that entrepreneurial effort towards the firm, international growth of customers, innovative thinking, opportunity recognition, creativity, and risk taking positively influence the firm in internationalization.

THEORETICAL FRAMEWORK

Several theoretical frame works were drawn for internationalization of SMEs. The theories and approaches are based on the firm characters (Fletcher, 2011). It is not only the matter of internationalization. It also involves the hopping in the cross border activities (Jørgensen, 2014). The dominant theories of the internationalization of small-medium enterprises (SMEs) prescribe a dynamic and evolutionary process for the firm (Kamakura, 2012). The traditional internationalization theories suggest that the firm's international involvement increases in stages as a result of incremental learning (Saarenketo, 2004). Several theories and models were proposed for explaining the process of internationalization. All these theories are having their own drawback. The basic assumptions under these theories are enterprises internationalize in an incremental step-wise and gradual process of gaining knowledge (culture, language, policies, political systems) (Sommer, 2010) and avoidance of risk factors. The SMEs internationalize gradually by their age and size (Liesch, 1999). Some of the theories for internationalization process in SMEs are Uppsala model, Network theory approach and International entrepreneurship theory.

The Uppsala Internationalization Process Model (U-model)

Swedish researchers (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) from Uppsala University had vast criticisms of the theories at the time, which explained international involvement (ZOHARI, 2012). The Uppsala model can be distinguished into the following four steps of entering an international market. It cannot be viewed as an individual company's situation, market and market knowledge.

- Step 1: No regular export activities (sporadic export).
- Step 2: Export via independent representative (export mode).
- Step 3: Establishment of a foreign sales subsidiary.
- Step 4: Foreign production/manufacturing.

This ultimately results in market commitment. This occurs in a series of steps like step-by-step manner. This model is criticized by Mitgwe (2006), Anderson (1993) and many other scholars. The U-model explains the enterprises only in the early stages and it could not explain the born global firms and large multinational firms. They argue how the knowledge affects the commitment. International New Ventures (INV) and Network theory had criticized Uppsala model since many of the SMEs are going global through INVs.

Innovation-related internationalization (I-Model)

Innovation-related internationalization is developed on the basis of Uppsala Model (Andersen 1993; Reid, 1981). This model focuses on the learning sequence in connection with adapting innovation and the internationalization decision of the firm. The Innovation-related Models regard internationalization as a process, where each new stage represents more experience and/or involvement than the earlier stages (Andersen, 1993; Vissak, 2003) and each stage is considered an innovation for the firm (Gankema, Snuif and Zward, 2000). The view states that the decision-makers attitude, experience, motivation, and expectations are primary determinants in firms engaging in foreign market activity (Reid, 1981) and therefore the entry into exporting is considered to be traced to an innovator inside the firm. That individual possesses aggressive and competitive traits, with greater tolerance of risk than his/her counterparts in the firm and motivated by perceived rewards stemming directly from exporting as a strategy of its growth (Vissak, 2003) (Hermannsdóttir, 1909). According to Rogers, Gankema and others innovation related theory is the process which occurs in series of steps like adoption of new product or process (Laghzaoui, 2004). According to Gankema (2000), Gemser (2004), Le (2004) all the products and processes must enter into the stage of innovation before internationalization.

Network Theory

According to Rundh (2006), a network involves a set of two or more connected exchange relationships or networks. All firms in a market are considered to be embedded in one or more networks via linkages to their suppliers, sub-contractors, customers and other market actors (Johanson & Mattsson, 1988). According to Johanson & Mattson through network the companies are dependent on resources which are controlled by other firms (Lasse, 2012), (Zizah, 2011) through a position within the framework they can enter into the foreign market. According to Emerson (1981) a network is a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors. According to Mitgwe (2006) modern high-tech firms usually involve in the process of internationalization by their experience and resources of network patterns (Musteen, 2014). Every firm in the market is related or linked with their suppliers, customers, sub-contractors and other players in the market

thereby the business relationship is established between them through the network, the market knowledge, technology (Buckley, 1997) and other resources are shared among them. Born globals do not need any sort of network for the process of internationalization (Masum, 2008; Yener, 2014), (Madsen, 1997).

International Entrepreneurship Theory

According to Zahra and George (2002), the term “international entrepreneurship” first appeared in a short article by Morrow in 1988. Morrow (1988) suggested that advancements in technology, declining cultural barriers and increasing cultural awareness has opened once-remote foreign markets to all kinds of companies; small firms, new ventures as well as established companies. International entrepreneurship is the study of cross-border entrepreneurial behavior focused on how actors discover, enact, analyze and exploit opportunities in the creation of new goods or services. 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.” According to this theory the main player in internationalization is the “Entrepreneur. ” It is totally based on his skills and opportunities to measure the information in the market, relationship with government, media, suppliers, retailers and with other firms. In order to overcome these barriers, there are motives and drivers to accelerate the process of industrialization. An essential part of the discussion about international entrepreneurship theory is international new ventures (INVs), because they are closely related to each other (Mohibul Islam Masum, 1964).

MOTIVES, DRIVERS AND BARRIERS FOR INTERNATIONALIZATION PROCESS

Similar to the large enterprises, SMEs face many challenges. In the process of internationalization, there are many motives, drivers and barriers in SMEs (Lester, 2007-8). (Yener, 2014). SMEs face many barriers in the process of internationalization (Crick, 2007),(Toulova, 2015) to succeed in foreign markets. The motives, drivers and barriers are having many other goals other than the internationalization process. There are several internal and external factors which influence the process of internationalization. The enterprise specific characteristics, management, products and services (Tan, 2008), customers and markets, resources and finance, strategy (Spence, 2003)and external environmental factors act as the motives and drivers for the process of internationalization.

Motives

The motives in the internationalization process are determined as a competitive strategy (Pett, 2008). The environmental conditions, firm performance and

competitive strategy influence the internationalization motives. Motives are defined as connotation of action (Kwan, 2006). There are different types of motives which induce and force the firm to internationalize which includes growth and risk management strategies (Lis, 2012). Some of the motives are niche market selection, market entry, market development strategies, personal resources, attractiveness of the host country, international appeal, unsolicited proposals from distributors, government, client, and technology (Yi-Long Jaw, 2006), competition, trade access to large markets, formal planning, industry environment, government policies and support, commitment, vision, survival, domestic market (Senik, 2010), profit-making opportunities, competitive advantage and increasing shareholder value. Cherotich Koske Oseh et al. concluded that the motivation for setting up international business and training and conducting workshops for managers in international business, training of employees, following an international networking strategy, expansion strategy (Hutchinson, 2005), (Chong, 2013) adaptation of new technology would give better results (Oseh, 2013). Virtual R&D teams (Nummela, 2004) are also motive channel for internationalization.

Drivers

Global and local competitive pressures are most powerful drivers (Kadrolkar, 2011). Drivers of internationalization can be internal or external in which internal drivers are the factors which affect inside the firm and external drivers are the factors which affects outside the firm (Commission, 2003). E-commerce acts as a major driver for internationalization (Ewa, 2013). The push and pull factors in the internationalization process depend on the firm characters. The interaction between these factors results in the process of internationalization (Onkelinx, 2008), (Etemad, 2004). Technology drives the efficiency and economies of scale, increased competence on difficult markets, exploring the new edge technology like innovation (Commision, 2007).

RECENT RESEARCH FINDINGS ON SME INTERNATIONALIZATION ON DRIVERS

<i>Country</i>	<i>Motive/Stimulus</i>	<i>Author</i>
Australia	Grow market; Control supply chain, reduce cost	EFIC, 2008
Belgium, France, Germany, Greece, Italy, Netherlands, Poland, Spain, Sweden and UK	Market position; Knowledge and relationship	Kocker and Buhl, 2007
Canada	Growth market capacity factors, social capital, immigrant links, R&D investment, firm size/ age/experience, limited domestic market	Orser <i>et al.</i> , 2008
Ireland and India	Knowledge resources	Garvey and Brennan, 2006

contd.

<i>Country</i>	<i>Motive/Stimulus</i>	<i>Author</i>
Portugal (Azores Islands)	Social networks/ties	Camara and Simoes, 2008
Spain	Managers previous international experience, firm size/age; regionallocation; country/ regional image	Lopez, 2007
Spain (Catalan Region)	Managers previous international experience, growth and profit, expectations, social and business networks and domestic market saturation/stagnation	Stoian, 2006
Sweden	Growth, managers previous international experience, Unique product/technology, limited domestic market	Rundh, 2007
UK	Growth, profits, market size	Barnes <i>et al.</i> , 2006
UK	Growth, profits, to reduce dependence on a single or smaller number of markets	Reynolds, 2007
USA	Profits	UPS, 2007
USA	Weak dollar, immigrantlinks, internet global reach	Iwata 2008, USA Today, 2008
USA	Global trade infrastructure	USA Today, 2008
Chile	Firm-specific factors (technology content and size) and sector	Milesi <i>et al.</i> , 2007
Indonesia	Firm-size/resource base, sector-level export intensity, presence of foreign buyers and firm export orientation	Wengel and Rodriguez, 2006

Source: Top Barriers and Drivers to SME Internationalization (2009). Report by working party on SMEs and Entrepreneurship

Barriers

According to Leonidou (2004) there are two types of barriers viz. , external and internal. External barriers are those which are present outside the organization and affect the process of internationalization. External barriers can be classified as following:

- **Procedural barriers:** These include the transactions and operations with the foreign country. This is caused due to lack of knowledge and familiarity with the new procedures, technologies and communication failures.
- **Government barriers:** On one hand they include the support for the potential exporters and incentives thereof, but on the other hand there are restrictive measures like tariff and non-tariff barriers.
- **Task barriers:** These are the hurdles faced due to customers and competitors in the foreign markets.
- **Environment barriers:** These are barriers due to economic, political, legal and socio-cultural environment of the foreign markets.

Internal barriers: These are present inside the organization and act as a barrier in the process of internationalization. Internal barriers can be classified as following:

- **Informational Barriers:** Relate to the problem in identifying, selecting and contacting international markets because of information inefficiencies. Examples of these barriers are lack of identification of foreign market data, foreign business opportunities and customers.
- **Functional Barriers:** Refer to the functional units within the organization like human resource, finance, marketing and production. Examples of this type are inadequate export personnel and shortage of working capital to finance.
- **Marketing Barriers:** Include pricing, product, distribution and promotional activities. Many exporting firms are facing this problem. However, innovation reduces the possible economies of scale in exporting.

SMEs face many other problems (Baporikar, 2013). Among the many challenges faced by the SMEs, survival is one of the biggest challenges for SME's in internationalization (Hyunsuk Lee, 2012). Some of them are:

- Raw material scarcity
- Organizational problems
- Social and culture value system
- Environmental pollution and other problems
- Technological problems
- Manpower development related problems
- Quality-related problems
- Marketing-related problems
- Export-related problems
- Financial problems of entrepreneurs problems

Some of the research findings of the Barriers of SME internationalization

Country	Barrier	Author/s
Australia	1, 3	EFIC, 2008
Canada	1	Riding et al. , 2007
Finland	1, 5	Ojala and Tyrväinen, 2007
Ireland and India	1	Terjesan, O'Gorman and Acs, 2008
Korea	5	Suh <i>et al.</i> , 2008
Spain	1	Lopez, 2007
Sweden	1	Rundh, 2007
Turkey	1, 4	Ozkanli, Benek and Akdeve,2006
UK	4	Barnes <i>et al.</i> , 2006
UK	4, 5	Crick, 2007
UK	4	Kneller and Pisu, 2007
USA and Canada	5	UPS, 2007
China	1	Zhang, Sarker and Sarker, 2008
India and USA	5	Smith, Gregiou and Lu, 2006
India	5	Vivekanandan and Rajendran,2006
Indonesia	1	Wengel and Rodriguez, 2006
Russia	1, 4, 5	IBF/GDSI, 2008
South Africa	1,5	AMSCO, 2006

Source: As reported by OECD (2009), working party on SME's and Entrepreneurship "Top Barriers and Drivers for SME Internationalization"

SUCCESSFUL SMES IN VIJAYAWADA REGION

There are many successful internationalized SMEs around the world. According to the survey of YesBank in 2014 there are 13 best SMEs from 36 million SMEs in India. SMEs contribute 37% of GDP. Among all these, the herbal products company VidyaHerbs and the agricultural solutions provider i-Concept Software Service provider which is a agricultural solutions provider were the winners (Khan, 2014). Similarly Yes Bank, Bank of India and other banks also recognize the successful SMEs and award them in their respective areas.

According to MSME report in 2010-2011 there are 10,092 registered SME units in Andhra Pradesh. There are only four international firms in the present study of SMEs in Auto nagar area of Vijayawada. They are Kusalava International Ltd (1964), Liners India Ltd (1974) previously under the name of Jai Motors, Toshiba Johnson's Lift Pvt Ltd and Laila Impex (1994). All these are successful international firms are characterized by well established research and development department. These are four successful international firms with continuous efforts of innovation and research and development carried in the firm. This shows innovation and research and development are the determinant factors for the success, growth and the internationalization of the firm.

OBJECTIVES

The objectives of the study include the following:

- To review the existing literature in the internationalization of SMEs.
- To identify the variables that are responsible for internationalization of SMEs.
- To determine the success in the internationalization process of SMEs.
- To suggest the different ways of internationalization process in SMEs.

RESEARCH METHODOLOGY

Research Design: It is a descriptive research design.

Population: The population for the study includes the small and medium scale industries in the Vijayawada region. There are around 300 SME units in the region.

Sampling Unit: Each SME unit is a sampling unit.

Sample Size: A sample size of 100, amounting to 33 per cent of the population, is considered. The promoter of the SME is the respondent for the conduct of the study.

Sampling Method: Simple random sampling.

Research Instrument: A questionnaire designed specifically for this study is used for collection of primary data.

Data Collection: Primary data was collected using survey method from the SMEs in Vijayawada region. The survey was respondent administered. Secondary

data was collected from Vijayawada Industrial Estate Manufacturer's Association, Automobile Technician's Association, The Andhra Pradesh State Manufacturer's Association, Vijayawada and other published sources.

Data Tabulation & Analysis: Data is tabulated using IBM SPSS 20.

PILOT STUDY

A pilot study was conducted initially with a sample size of 30 to validate the research instrument. The data collected was checked for its reliability. The questionnaire was appropriately modified, where necessary, based on the feedback received from respondents during pilot study. The questionnaire so finalized was used for collection of primary data.

DATA COLLECTION & ANALYSIS

Enterprises in India are classified into micro, small and medium based on the investment in plant and machinery. Further, these enterprises are present in manufacturing and services sector. While the classification in manufacturing sector is based on the investment in plant&machinery, in services sector it is based on the investment in equipment. The classification of enterprises according to the MSME Act, 2006 is as follows:

	<i>Manufacturing Sector</i>	<i>Service Sector</i>
Enterprise	Investment in Plant & Machinery	Investment in Equipment
Micro	Does not exceed twenty five lakh rupees.	Does not exceed ten lakh rupees.
Small	More than twenty five lakh rupees but does not exceed five crore rupees.	More than ten lakh rupees but does not exceed two crore rupees.
Medium	More than five crore rupees but does not exceed ten core rupees.	More than two crore rupees but does not exceed five core rupees.

The questionnaire was circulated to the Head of the enterprise selected randomly and collected subsequently. In certain instances, the Head has delegated the responsibility of filling the questionnaire to a Senior Manager. The questionnaire included various variables related to internationalization, apart from respondent profile and company profile.

All the 100 responses were valid and used for further analysis. The data collected was codified and tabulated in IBM SPSS 20 for further analysis.

ANALYSIS & FINDINGS

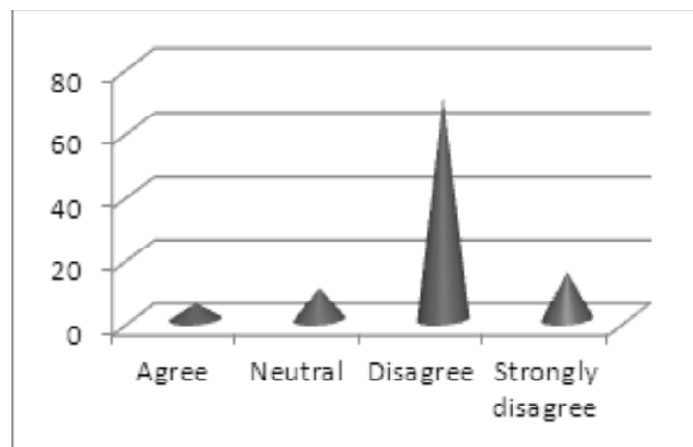
The questionnaire included items responses for 12 questions on Likert scale. For these items internal reliability is calculated using Cronbach's Alpha as shown in Table 7.

RELIABILITY STATISTICS

<i>Cronbach's Alpha</i>	<i>N of Items</i>
.844	12

The Alpha quotient of .844 reflects good internal reliability and hence the data collected can be further analyzed.

- 1) **Vision, mission and strategy:** Almost all the respondents stated that their company vision, mission and strategy reflect the internationalization process. While this is so at the highest leadership level, it does not get translated to other levels.
- 2) **Action plan for internationalization:** Only about 80% of the companies have thought about an action plan for starting their internationalization process effective from the year 2015-16.
- 3) **Awareness on Government support programs:** Most of the respondents are not aware of the government support programmes. Only 5% of the respondents are utilizing the government schemes and programmes. Only 10% of the respondents are utilizing the financial support and incentives for internationalization process. Almost 70% of the respondents are aware of the government programmes. Interestingly 15% of the respondents are not interested to know and utilize the government programmes.
- 4) **Lack of exposure:** Only 5% of the SMEs which are covered include international process. Remaining are not involved in the international process at the moment.
- 5) **Research and Development:** Only 5% of the SMEs are involved in the continuous research and development activities to accelerate internationalization process. The international SMEs which are covered



in the study include the strong and continuous research and development activities.

- 6) **Innovation strategy:** The SMEs which are having the internationalization process had set up the innovation strategy for adaption of new technology or services, new products, new processes and new management or production services.
- 7) **Foreign investment:** Among the five international companies, one company is having the customers and two are having the distributing agents and the remaining two are having the foreign direct investments.
- 8) **E-Commerce:** Most of the SMEs are having their own websites. Some of them are present through the other sites like JustDial. Customers can obtain information of the SME, contact for enquires, placing orders and feedback. Business is operated through the website also.
- 9) **One-way ANOVA Test:** One-way ANOVA analysis was carried out to check the significance of some of the variables. The groups for this analysis are the departments/divisions in an enterprise such as carpentry works, castings, manufacturing aluminium and steel utensils, packages electrical works, body building, tinkering & fabrication of automobiles, chemical adhesives, plastic moulders, rubber works, automobile spare parts, food industry and others. The analysis results are presented below:

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[1.]	The firm vision, mission & strategy follow the internationalization policy.	Between Groups Within Groups Total	11 88 99	3.047 1.892	1.610	.110

Above table shows the output of ANOVA analysis and whether we have a statistically significant difference between group means. It can be seen that the significance level is .110 ($p = .110$), which is above α value of 0.05, and therefore, there is statistically insignificant difference between groups i. e. different departments in the enterprise do not differ in their view on the firm following the vision, mission & strategy for internationalization.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[2]	The firm has concrete plans for internationalization to start our own international cooperation in 2015-2016?	Between Groups Within Groups Total	11 88 99	1.345 1.843	.730	.707

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 0.730, p = .707$). That is statistically there is no significant difference between groups i. e. different departments in the enterprise in their view that their firm would start internationalization process during 2015-16.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[3] We are aware of government support programs for internationalization that could be used by your enterprise (financial support or other support, either regional or national programs)?	Between Groups	19.021	11	1.729	1.047	.413
	Within Groups	145.339	88	1.652		
	Total	164.360	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 1.047, p = .413$). That is the groups do not differ in their view that they are aware of government support programs for internationalization that could be used by their respective enterprises.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[4] Our enterprise involved in Import/Export activities?	Between Groups	18.554	11	1.687	1.262	.260
	Within Groups	117.636	88	1.337		
	Total	136.190	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 1.262, p = .260$). That is the groups do not differ in their view that their enterprise is involved in export activities.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[5] Our enterprise is involved in the R&D and innovation process involved in the internationalization of products/process.	Between Groups	7.240	11	.658	.638	.792
	Within Groups	90.800	88	1.032		
	Total	98.040	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = .638, p = .792$). That is there exists no significant difference in the view of different groups that their enterprise is involved in the R&D and innovation process for internationalization of products/process.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[6] Our company involve in foreign direct investments.	Between Groups	13.156	11	1.196	1.312	.231
	Within Groups	80.204	88	.911		
	Total	93.360	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 1.312, p = .231$). This implies that different groups in the company do not differ on the view that their company is involved in foreign direct investments.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[7] Our company involve in licensing/franchisee agreements with foreign companies	Between Groups	28.579	11	2.598	1.575	.120
	Within Groups	145.131	88	1.649		
	Total	173.710	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 1.575, p = .120$). This implies that there is no significant difference among different groups that in their view that their company is involved in licensing/franchisee agreements with foreign companies.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[8] Our company involve in distributor/agents agreements with companies abroad	Between Groups	16.725	11	1.520	1.051	.410
	Within Groups	127.315	88	1.447		
	Total	144.040	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = 1.051, p = .410$). This implies that different groups in the company do not significantly differ on the view that their company is involved in distributor/agents agreements with companies abroad.

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[9] Our company involve in other type of regular cooperation with foreign partners	Between Groups	7.627	11	.693	.553	.861
	Within Groups	110.373	88	1.254		
	Total	118.000	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = .553, p = .861$). This implies that there is no

significant difference among the groups that their company is involved in regular cooperation with foreign partners.

			<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
[10]	Conducting workshops and training by the government to the employees are helpful for internationalization of business.	Between Groups	20.322	11	1.847	.894	.549
		Within Groups	181.788	88	2.066		
		Total	202.110	99			

There was a statistically insignificant difference between groups as determined by one-way ANOVA ($F(11,88) = .894, p = .549$). Hence there is no significant difference among the groups in their view that conducting workshops and training by the government to the employees are helpful for internationalization of business.

Most of the SMEs which are included in the study do not have any support from other companies or merger and acquisition activities for the internationalization process. The companies which include the internationalization process also do not include the merger and acquisition activities and other support from the other companies.

The present study had explored that the in-house research and development activities of the firms and the innovation strategy of the firm can build the internationalization process for the SMEs.

CONCLUSION

The internationalization process through the innovation policy and research and development had increased. In this globalised world SMEs are able to overcome the competition in new markets. The globalization and liberalization had led the SMEs to undergo the process of internationalization. There is a positive relationship between the internationalization and the SME performance. Internationalization enhances firm growth, competitiveness, economic growth, cross-border activities, employment and support for long term sustainability. Based on the empirical data and the personal interaction with the promoters of the SMEs, it is concluded that SMEs are having aspiration to go global which are backed by strong vision, mission and strategy. The internationalized SMEs are characterized by continuous research and development and having innovation strategy which are the main determinant factors for the process of internationalization. Only such companies which are having the facilitating factors like research and development and innovation strategy within the walls of the SMEs for the internationalization process can easily undergo internationalization process. The government should strengthen the research and innovation to meet the global challenges faced by SMEs.

References

- Anderson, S. J. (2004). International activities in small firms: Examining factors influencing the internationalization and export growth of small firms. *Canadian Journal of Administrative Sciences*, P. 22-34.
- Antonio Belso-Martínez, J. (2006). Do industrial districts influence export performance and export intensity? Evidence for Spanish SMEs' internationalization process. *European Planning Studies*. P. 791-810.
- Augusto Felício, J. V. N. (2015). Corporate and individual global mind-set and internationalization of European SMEs. *Journal of Business Research*, P. 797-802.
- Baporikar, N. (2013). *Entrepreneurship and Small Industry*. Pune: Himalaya Publishing House.
- Bell, J. (2010). 'New-wave' global firms: Web 2.0 and SME internationalisation. *Journal of Marketing Management*. P. 213-229.
- Bhatti, D. A. (2012). Internationalization factors and entrepreneurial perception: Indication from Yemens SME's. *Far East Journal of Psychology and Business*, P. 1-20.
- Brilhante Dias, E. L. (2014). Co-operation between large Enterprises (LE'S) and SMEs: An Approach to Overcome the Stage Internationalization Process. *Business: Theory & Practice*, P. 316-327.
- Buckley, J. P. (1997). International technology transfer by Small And Medium Enterprises. *Small Business Economics*, P. 67-78.
- Cardoza, G. G. (2011). The internationalisation of SMEs from China: The case of Ningxia Hui Autonomous Region. *Asia Pacific Journal of Management*. P. 737-759.
- Che Senik, Z. L. B. (2011). Networking and internationalization of SMEs in emerging economies. *Journal of International Entrepreneurship*. P. 259-281.
- Child, J. L. (2014). Decision mode, information and network attachment in the internationalization of SMEs: A configurational and contingency analysis. *Journal of World Business*. P. 598-610.
- Chong, M. T. (2013). Dynamic experimental internationalization: Strategy of SME's from a transition economy. *Journal International Entrepreneurship*, P. 370-399.
- Ciravegna, L. L. (2014). Country of origin and network effects on internationalization: A comparative study of SMEs from an emerging and developed economy. *Journal of Business Research*, P. 916-923.
- Commision, E. (2007). *Supporting The Internationalization of SME's*. Europe: Flash barometer.
- Commission, E. (2003). *Drivers for sme internationalisation*. Europe: Flash Eurobarometer.
- Crick, D. (2007). Sme barriers towards internationalization and assistance requirements in the UK :Differences between exporters and firm employing multiple mode of market entry. *Journal of Small business and Entrepreneurship*, P. 233-244.
- D'Angelo, A. A. (2013). Geographical pathways for SME internationalization: insights from an Italian sample. *International Marketing Review*. P. 80-105.
- Daniele Cerrato, M. P. (2010). The internationalization of small and medium sized enterprises : the effect of family management, human capital and foreign ownership. *Journal of management Governance*, P. 617-644.

- Daria Volchek, A. J. (2013). The institutional environment for international entrepreneurship in Russia: Reflections on growth decisions and performance in SME's. *Journal Of International Entrepreneurshi* , P. 320-350.
- De Noni, I. R. (2015). The moderating effect of exploitative and exploratory learning on internationalisation-performance relationship in SMEs. *Journal of International Entrepreneurship*. P. 96-117.
- Dutot, V. F. (2014). Information management for the internationalization of SMEs: An exploratory study based on a strategic alignment perspective. *International Journal of Information Management*. P. 672-681.
- Escandón Barbosa, D. M. C. (2013). Factors determining the appearance of 'born global' companies: analysis of early internationalisation for SMES in Colombia. *Pensamiento & Gestión*, P. 206-223.
- Etemad, H. (2004). Internationalization of Small and Medium Sized Enterprises: A grounded theoretical framework and an overview. *Canadian Journal Of Administrative Sciences*, P. 1-21.
- Etemad, H. R. (1999). Internationalization of SMEs: Management Responses to A Changing Environment. *Journal of International Marketing*. P. 4-10.
- Ewa, F. A. (2013). Model of the SME's Internatioanlization through E-Commerce. Preliminary verification and development of the model. *International Journal of Management Cases*, P. 59-76.
- Fernández Olmos, M. V. I. (2015). Internationalization pathways and the performance of SMEs. *European Journal of Marketing*. P. 420-443.
- Fernandez-Ortiz, R. G. (2009). Influence of the capacities of top management on the internationalization of SMEs. *Entrepreneurship & Regional Development*. P. 131-154.
- Fletcher, R. (2011). Internationalisation strategies for SMEs in the decade ahead: are our theories relevant? *International Journal of Entrepreneurship & Innovation Management* , P. 246-262.
- Frąckiewicz, E. A. (2013). Model of the SME's internationalization through e-commerce. Preliminary verification and development of the model. *International Journal of Management Cases*. P. 59-76.
- Francionii, B. F. (2013). Key decisions and changes in internationalizaton strtegies: The case of smaller firms. *Journal of strategic marketing*, P. 240-259.
- Francisco Jose Acedo, J. F. (2006). An entrepreneurial cognition perspective on the internationalization of SME's. *Journal of international entrepreneurship*, P. 49-67.
- Galimberti, M. F. (2011). Active internationalisation of Brazilian SMEs from the software sector. *International Journal of Management & Enterprise Development*, P. 69-84.
- Garcia, L. R. (2009). European Markets as Challenges or Opportunities for Mexican SMEs Internationalization: A Critical Analysis of Globalization. *Perspectives on Global Development & Technology*. P. 372-398.
- Gardo, T. F. (2015). Internationalization of SME retailer: barriers and the role of public support organizations. *International Journal of Retail & Distribution Management*. P. 183-200.
- Guräu, C. M. (2008). The Internationalization Process of Online SMEs in the U. K. , U. S. and Australia. *Journal of Asia-Pacific Business*. P. 55-81.

- Hamill, J. K. (1997). Internet Marketing in the Internationalisation of UK SMEs. *Journal of Marketing Management*. P. 9-28.
- Hermannsdóttir, S. Ó. (1909). Retrieved 1909, from http://ibr.hi.is/sites/ibr.hi.is/files/internationalization_process-03feb09.pdf.
- Hewerdine, L. J. (2014). Resource scavenging Another dimension of the internationalisation pattern of high-tech SMEs. *International Marketing Review*. P. 237-258.
- Hsiang-Lan Chen, W. -T. H. -Y. (2014). Family Ownership, Institutional Ownership, and Internationalization of SMEs. *Journal of Small Business Management*, P. 771-789.
- Hsu, W. T. H. L. Y. (2013). Internationalization and firm performance of SMEs: The moderating effects of CEO attributes. *Journal of World Business*. P. 1-12.
- Hutchinson, K. B. (2005). The internationalization of Small to Medium sized Retail companies: Towards a conceptual framework. *Journal Of Marketing Management*, P. 149-179.
- Hyunsuk Lee, D. K. (2012). SME survival: The impact of Internationalization, technology resources and alliances. *Journal of Small and Buisness Management*, P. 1-19.
- Jane W. Lu, P. W. (2006). SME Internationalization and Performance: Growth vs Profit. *Journal of International Entrepreneurship*, P. 27-48.
- Javalgi, R. (. (2011). Entrepreneurial orientation, management commitment, and human capital: The internationalization of SMEs in India. *Journal of Business Research*. P. 1004-1010.
- Javalgi, R. G. (2011). The internationalization of Indian SMEs in B-to-B markets. *Journal of Business & Industrial Marketing*. P. 542-548.
- Jekanyika Matanda, M. (2012). Internationalization of established small manufacturers in a developing economy: A case study of Kenyan SMEs. *Thunderbird International Business Review*. P. 509-519.
- Jim Hamill, K. G. (1997). Internet Marketing in the Internationalization of UK SME's. *Journal of Marketing Management*, P. 9-28.
- Jørgensen, E. J. (2014). Internationalisation patterns of border firms: speed and embeddedness perspectives. *International Marketing Review*, P. 438-458.
- Kadrolkar, V. M. (2011). Internationalization of Indain Business: Drivers and Challenges. *International Journal Of Research In Commerce, Economics and Management*, P. 83-94.
- Kalinic, I. C. (2012). Rapid internationalization of traditional SMEs: Between gradualist models and born globals. *International Business Review*. P. 694-707.
- Kamakura, W. J. M. (2012). A dynamic perspective to the internationalization of small-medium enterprises. *Journal of the Academy of Marketing Science*, P. 236-251.
- Kauppinen, A. A. (2012). Internationalisation of SMEs from the perspective of social learning theory. *Journal of International Entrepreneurship*. P. 200-231.
- Ketkar, S. Z. (2013). Where Angels Fear to Tread: Internationalization of Emerging Country SMEs. *Journal of International Entrepreneurship*, P. 201-219.
- Khan, T. (2014). *Business Today-YES Bank Awards: 13 SMEs lead India's charge to economic growth*. New Delhi : Business Today.
- Korsakiene, R. (2014). Internationalization of Lithuanian SMEs: Investigation of Barriers and Motives. *Economics & Business*. P. 54-60.

- Korsakienė, R. M. (2012). The internationalization of SMEs: an integrative approach. *Journal of Business Economics & Management*. P. 294-307.
- Kraśnicka, T. W. (2013). The Impact of the Internationalization of Polish SMEs on Their Performance. *Journal of Economics & Management*, P. 67-83.
- Kuivalainen, O. (2012). Start-up patterns of internationalization: A framework and its application in the context of knowledge-intensive SMEs. *European Management Journal*. P. 372-385.
- Kunttu, A. L. (2015). Service innovation and internationalization in SMEs: Implications for growth and performance. *Management Revue*. P. 83-100.
- Kwan Tang, Y. (2011). The Influence of networking on the internationalization of SMEs: Evidence from internationalized Chinese firms. *International Small Business Journal*, P. 374-398.
- Kwan, W. (2006). *Motives for internationalization of private small and medium-sized enterprises in Guangdong China*. Retrieved from www.nova.newcastle.edu.au: <http://nova.newcastle.edu.au/vital/access/manager/Repository/uon:2694>.
- Laghzaoui, S. (2004). Internationalization of SME: A reading in terms of resources and competencies. *Journal of Innovation Economics and Management*, P. 181-196.
- Lasse, T. K. P. O. (2012). The effect of network competence and environmental hostility on the Internationalization of SMEs. *Journal of International Entrepreneurship*, P. 25-49.
- Lee, H. D. (2012). SME Survival: The Impact of Internationalization, Technology Resources, and Alliances. *Journal of Small Business Management*. P. 1-19.
- Lester, L. R. a. (2007-8). *Top barriers and drivers to SME internationalization*. France: OECD centre for entrepreneurship, SME and local development.
- Liesch, P. W. (1999). Information Internationalization and hurdle rates in Small and Medium Enterprise Internationalization. *Journal Of International Business Studies*, P. 178-225.
- Lis, B. H. W. (2012). SME's going global: A comparison of the internationalization strategies of publishers and online social networks. *International review of management and marketing*, P. 1-9.
- Loane, S. J. (2010). Awakening Dragons: An Exploration of the Internationalization of Chinese SMEs from the Electronics Sector. *Advances in International Marketing*. P. 1-31.
- Löfgren, A. (2014). International network management for the purpose of host market expansion: The mediating effect of co-innovation in the networks of SMEs. *Journal of International Entrepreneurship*, P. 162-182.
- Lu, J. W. (2001). The Internationalization and Performance of SMEs. *Strategic Management Journal*. P. 565-587.
- Madsen, T. K. (1997). The Internationalization of Born Globals: An evolutionary process. *International Business Review*, P. 561-583.
- Maria Chiarvesio, E. D. (2010). Global value chains and open networks: The case of Italian industrial districts. *European Planning Studies*, P. 333-350.
- Mariotti, S. L. (2001). Localized capabilities and the internationalization of manufacturing activities by SMEs. *Entrepreneurship & Regional Development*. P. 65-80.
- Masum, M. I. (2008). Internationalization process of SME's: Strategies and methods. *International Business and Entrepreneurship*, P. 6-18.

- Michna, A. A. (2011). Relationships between Empowerment, Innovativeness, Internationalization and Performance of Polish SMEs: Future Research Directions. *Journal of Marketing Development & Competitiveness*. P. 46-63.
- Mitza Ruzzier, B. A. (2007). Human capital and SME Internationalization: A structural equation modeling study. *Canadian Journal Of Administrative Sciences*, P. 15-29.
- Mohibul Islam Masum, A. F. (1964). *Internationalization Process of SMEs: Strategies and methods*. Västerås Sweden : Mälardalen University.
- Musteen, M. D. (2014). Do International Networks and Foreign Market Knowledge Facilitate SME Internationalization? Evidence From the Czech Republic. *Entrepreneurship: Theory & Practice*. P. 749-774.
- Musteen, M. J. (2010). The influence of international networks on internationalization speed and performance: A study of Czech SMEs. *Journal of World Business*. P. 197-205.
- Nummela, N. S. (2004). Research resources-Research collaboration initiative: International growth orientation of knowledge-intensive small firms. *Journal Of International Entrepreneurship*, P. 263-265.
- Oehme, M. S. (2015). SME internationalization modes in the German biotechnology industry: The influence of imitation, network position, and international experience. *Journal of International Business Studies*. P. 629-655.
- Olejnik, E. B. (2012). SMEs' internationalisation patterns: descriptives, dynamics and determinants. *International Marketing Review*. P. 466-495.
- Omri, W. A. (2014). Managerial characteristics and entrepreneurial internationalization: A study of Tunisian SMEs. *Journal of International Entrepreneurship*. P. 8-42.
- Onkelinx, J. L. (2008). *Internationalization of SMEs*. Scotland: Flanders DC Knowledge Center.
- Oseh, C. K. (2013). Factors associated with Internationalization of Small and Medium Enterprises in Thikka town-Kenya. *European Journal of Management Sciences and Economics*, P. 128-136.
- Pett, T. L. (2008). Examining the SME international motives as an extension of Competitive Strategy. *Journal of Business and Entrepreneurship*, P. 1-13.
- Radulovich, L. P. (2008). *An Emperical examination of Factors affecting the Internationalization of Professional Service SME's: The Case of India*. Pittsburgh: Cleveland State University.
- Raymond, L. P. J. (2014). Internationalization capabilities of SMEs: A comparative study of the manufacturing and industrial service sectors. *Journal of International Entrepreneurship*. P. 230-253.
- Raymond, L. P. (2013). Strategic capability configurations for the internationalization of SMEs: A study in equifinality. *International Small Business Journal*. P. 82-102.
- Ren, S. A. T. (2015). How do marketing, research and development capabilities, and degree of internationalization synergistically affect the innovation performance of small and medium-sized enterprises (SMEs)? A panel data study of Chinese SMEs. *International Business Review*. P. 642-651.
- Ripolles Melia, M. P. (2010). The influence of innovation orientation on the internationalisation of SMEs in the service sector. *Service Industries Journal*. P. 777-791.
- Ruben Fernandez-Ortiz, G. F. (2009). Influence of capacities of top management on the Internationalization of SME's. *Entrepreneurship and Regional Development*, P. 131-154.

- Rutihinda. (2008). Factors influencing the internationalization of Small and Medium Enterprises. *International Business and Economics Journal*, P. 45-54.
- Ruzzier, M. B. (2007). Human Capital and SME Internationalization: A Structural Equation Modeling Study. *Canadian Journal of Administrative Sciences (Canadian Journal of Administrative Sciences)*. P. 15-29.
- Ruzzier, M. M. (2015). On the relationship between firm size, resources, age at entry and internationalization: the case of Slovenian SMEs. *Journal of Business Economics & Management*. P. 52-73.
- Saarenketo, S. K. (2004). Dynamic knowledge-related learning processes in internationalizing high-tech SMEs. *International Journal of Production Economics*. 363-378.
- Sass, M. (2012). Internationalisation of innovative SMEs in the Hungarian medical precision instruments industry. *Post-Communist Economies*. P. 365-382.
- Segaro, E. (2012). Internationalization of family SMEs: the impact of ownership, governance, and top management team. *Journal of Management & Governance*. P. 147-169.
- Senik, Z. C. L. (2010). Influential factors for SME Internationalization:Evidence from Malaysia. *International Journal of Economics and Management*, P. 285-304.
- Shah, T. H. (2013). Internationalization of SMES in Pakistan: A Brief Theoretical Overview of Controlling Factors. *Journal of Managerial Science*, P. 213-230.
- Sommer, L. (2010). Internationalization process of Small and Medium Enterprises-A matter of attitude. *Journal of International Entrepreneurship*, P. 288-317.
- Spence, M. (2003). International strategy formation in Small Canadian high technology companies-A case study approach. *Journal of International Entrepreneurship* , P. 277-296.
- Stewart, D. B. (1997). Domestic Competitive Strategy and Export Marketing Strategy: the Impact of Fit on the Degree of Internationalisation of SMEs. *Journal of Marketing Management* , P. 105-117.
- St. Pierre, J. L. (2014). The role of the human capital in the establishment of SME's International collaborations. *Management International / International Management / Gestión Internacional*, P. 72-84.
- Svante Andersson, J. G. (2004). International Activities in Small and Medium Enterprises. *Canadian Journal of Administrative Sciences*, P. 22-34.
- Tan, T. -F. (2008). Internationalization of Small and Medium Sized Enterprises(SMEs) An exploration of the Taiwanese Cosmetology Service Industry. *Consortium Journal of Hospitality and Tourism*, P. 33-54.
- Testa, S. (2014). Knowledge Intensity and Knowledge Bases in Internationalization Patterns of SMEs in the Food Sector. *Journal of International Food & Agribusiness Marketing*. P. 67-88.
- Thai, M. T. (2013). Dynamic experimental internationalization: Strategy of SMEs from a transition economy. *Journal of International Entrepreneurship*. P. 370-399.
- Toulova, M. M. (2015). Barriers of SMEs internationalization and strategy for success in foreign markets. *International Journal of Management Cases*. P. 4-19.
- Ummu. (2012). *SMEs and Globalization*. Retrieved 2015, from www. slideshare. net: http://www. slideshare. net/Ummu_9313/smes-and-globalization.

- Volchek, D. K. (2013). Exploring the Role of a Country's Institutional Environment in Internationalization: Strategic Responses of SMEs in Russia. *Journal of East-West Business*. P. 317-350.
- Votoupalova, M. M. (2015). The specifics of internationalization process of Czech SMEs with the focus on strategies used in foreign markets. *International Journal of Management Cases*. P. 20-34.
- Wang, J. M. (2012). The internationalization process of Chinese SMEs: does globalizing wholesale markets play a role? *Strategic Change*, P. 143-157.
- Welch, L. S. (1988). Internationalization: Evolution of a Concept. *Journal of General Management*, P. 34-55.
- Wright, M. P. (2007). Internationalization of Small and Medium-sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. *Regional Studies*. P. 1013-1030.
- Yener, M. B. (2014). Challenges for internationalization for SME's and overcoming these challenges: A case study from Turkey. *Procedia Social and Behavioural Sciences* , P. 2-11.
- Yi-Long Jaw, C. L. (2006). The influence of the internet in the Internationalization of SME's in Taiwan. *Human Systems Management*, P. 167-183.
- Yu-Ching Chiao, K. P. Y. M. (2006). Performance, Internationalization, and Firm-specific Advantages of SMEs in a Newly-Industrialized Economy. *Small Business Economics*. P. 475-492.
- Zhang, X. X. (2012). Entrepreneurial orientation, social capital, and the internationalization of SMES: Evidence from China. *Thunderbird International Business Review*. P. 195-210.
- Zizah, C. S. B. L. (2011). Networking and Internationalization of SME's in emerging economies. *Journal of International Entrepreneurship* , P. 259-281.
- Zohari, T. (2012, June 21). Retrieved 2015, from <http://www.digitpro.co.uk/2012/06/21/the-uppsala-internationalization-model-and-its-limitation-in-the-new-era/>
- Zucchella, A. A. (2014). Internationalization and Innovation as Resources for SME Growth in Foreign Markets. *International Studies of Management & Organization*. P. 21-41.