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**THE CONNECTION BETWEEN CULTURE, BUSINESS NETWORKS AND SME
INTERNATIONALIZATION; AN EXAMPLE FROM JAPAN**

Master's Thesis
International Business
September 2015

Unit Oulu Business School, International Business and Management			
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Title The connection between culture, business networks and SME internationalization; An example from Japan			
Subject International Business	Type of the degree Master's Degree	Time of publication September 2015	Number of pages 75+19
Abstract <p>This study takes an example from Japan into the connection between culture, business networks and SME internationalization. This is divided into two parts, a literature review and six (N=6) face-to-face semi-structured expert interviews with Japanese SME internationalization experts. The literature review finds that there is a consensus in the field that business networks generally increase the propensity and success of SME internationalization. Culture is also found to have a clear impact in SMEs in terms of behavior in both national and international contexts. A key concept on the connection between culture and SME internationalization is psychic distance. These phenomena of the general theory are compared with the case of Japanese SMEs, and a theoretical framework is formed.</p> <p>The findings of this study that are based on the theoretical framework and six semi-structured interviews can be summarized into four main propositions;</p> <p>P1.) Networks have a strong influence on the internationalization of Japanese SMEs. In some cases, Japanese SME internationalization through networks behavior differs from the general patterns in the way that in case of horizontal networks, networks do not increase the propensity for internationalization for member SMEs.</p> <p>P2.) Psychic distance seems to lessen Japanese SME motivation to internationalize. In case of Japanese vertical networks, the strong network ties revoke the effect of psychic distance. In case of Japanese horizontal networks a strong pulling factor for internationalization does not exist, and therefore psychic distance has a stronger influence.</p> <p>P3.) Japanese culture, specifically psychic distance, can be seen as one of the reasons for the differences in Japanese SME internationalization through networks when compared to the general theory.</p> <p>P4.) Culture seems to have a strong connection with both business networks and SME internationalization, and this connection varies according to the focal culture.</p> <p>Out of these propositions, the first three ones offer an explanation of the connection between Japanese culture, business networks and SMEs, whereas the last proposition makes a contribution for the theory in general level; the connection between culture, business networks and SME internationalization. The study raises focus on the fact that culture can have a different connection to both business networks and SME internationalization (and their connection is thus different) according to different cultures. This is especially important in the research field of SME internationalization through network approach, which is dominated by Western theories.</p>			
Keywords Psychic distance, keiretsu, Japanese culture			
Additional information			

ACKNOWLEDGEMENTS

This study would have never been possible without the support of various individuals and organizations. Firstly I would like to thank all of the interviewees and their respective organizations for their time and kind discussion during the interviews despite the sudden interview requests and my obvious problems with Japanese language. Without this kindness to spare their time from the interviewees, this study would not exist. Secondly I would like to give special regards to Finpro, Finland Trade Center in the Embassy of Finland in Japan, in which I had the pleasure to work as an intern for the main duration of my research. The kindness to allow for flexible working hours for conducting my interviews, and the introductions of some of the interviewees I received from the Senior Advisors Koichi Tanaka and Masahiro Kimura alongside with Mr. Kimura's advice on my interview questions were irreplaceable. Lastly I would like to also thank my family and friends, for both mental support and assisting with translations or providing their opinions for the methodology.

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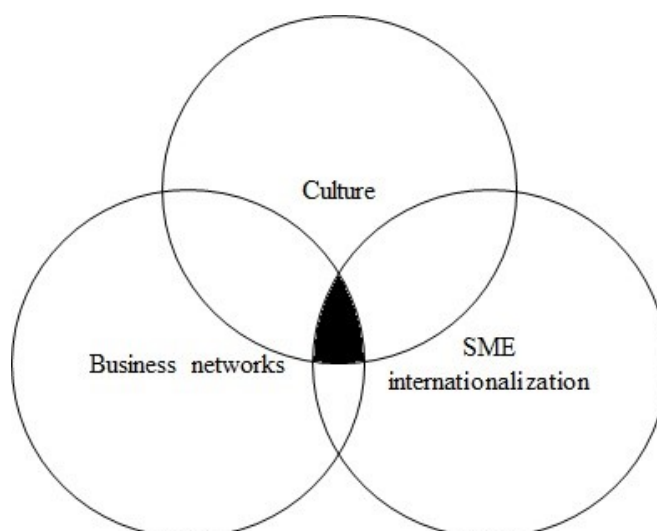
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1. INTRODUCTION

1.1. Background

The purpose of this study is to describe the relationship between culture, business networks and small and medium sized enterprises' (hereafter referred to as SMEs) internationalization. Internationalization is defined in this study as company's actions to generate profits, knowledge or other business advantages in foreign countries in continuous manner with an especial focus on the starting point of the process. Business networks on the other hand are defined as all connections a firm has with other companies, whether they are direct or indirect. By culture this study refers to especially business culture; the attitudes, thoughts, manners and ways of doing business in a single country, while acknowledging that it is debriefed from national culture as a whole. The focus of the research is further demonstrated with Figure 1, focus of the study as the area marked with black that connects culture, business networks and SME internationalization.

Figure 1. Focus of the study.



To illustrate the focal point of study further, this study takes an in-depth view on the case of Japanese SMEs' business networks. This is to demonstrate the meaning of business networks to SME internationalization in a significantly distant cultural background compared to the main body of SME internationalization through network

approach research, which will be presented in the following chapters. The study is divided into two main parts; theoretical background that is formed by a literature review on the subjects of SME internationalization through network approach, the effect of culture to SMEs and the effect of culture to business networks followed by the case of Japan; Japanese SME internationalization, Japanese SME internationalization through networks, the effect of Japanese culture to Japanese companies and finally the connection of Japanese SME internationalization through network approach and the effect of Japanese culture. The second main part is formed on the basis of the theoretical background by six (N=6) semi-structured expert interviews, and will explain the case of Japanese SMEs further.

1.1.1. The connection between business networks and SME internationalization

Business networks' importance and advantages to SME internationalization are widely accepted in the existing international business literature (Johanson & Vahlne 1977, Pittaway, Robertson, Munir, Deyner & Neely 2004, Johanson & Vahlne 2009, Chetty & Stangl 2010 and Torkkeli, Puumalainen, Saarenketo & Kuivalainen 2012). Internationalization itself is said to be led by the firm's networks (Johansson & Vahlne 2009) and therefore high network capability is said to increase the probability, speed and success rate of SME internationalization (Chetty & Stangl 2010, Torkkeli et al. 2012).

As to why business networks play such an important role in SME internationalization, one clear indication is the lack of resources that SMEs face due to their size. Therefore to compensate for their lack of internal resources, SMEs can find compensation from the outside in the form of business networks (Chetty & Stangl 2010). As to what kind of resources networks can offer to SMEs, Pittaway et al. (2004) have collected from previous literature a list of six benefits that networks can offer to SMEs; risk sharing, obtaining access to new markets and technologies, speeding products to market, pooling complementary skills, safeguarding property rights and acting as the key vehicle for obtaining access to external knowledge. In the case of internationalization many of these benefits and network competence seem vital if and when a SME is taking its first steps to an unknown market, especially if it happens to be a particularly hostile one (Torkkeli et al. 2012).

It seems that the smaller the SME and thus lacking the internal resources, the more important the business networks are for internationalization (Chetty & Stangl 2010). This clear resource-created dependence on networks makes SMEs internationalization process unique from large companies and worth researching separately. Based on the above, in general it seems to be reasonable to claim that the deeper and consistent networks a SME has, the more likely it is to start international activities and be successful in them.

1.1.2. Culture and SME internationalization through business networks; why an example from Japan is needed

The previous chapter introduced a widely accepted, general view in current academia on the relation of business networks and SME internationalization. However, the general discussion seems to be lacking a notion of whether all networks are the same. The majority of the research on SMEs internationalization through networks is based on Western researchers and data (Johanson & Vahlne 1977, Johanson & Vahlne 2009, Chetty & Stangl 2010, Torkkeli et al. 2012). As among others Hofstede's idea of cultures having impact in business (Hofstede 1983, Hofstede 1993) has been widely accepted (Homburg, Cannon, Krohmer & Kiedaisch 2009, Lund, Scheer & Kozlenkova 2013), and some researchers even outright state that business networks are the result of culture (Dobb & Patra 2002, Michailova & Worm 2003). It would thus be natural to assume that networks might have different functions in SME internationalization or function in different ways in other cultures in comparison to the Western world.

Besides being strongly connected with networks, it can be said that culture also has a strong impact on SME internationalization by affecting the behavior of SMEs (Zhang & Dodqson 2007, Luczak, Mohan-Neil & Hills 2010, Kreiser, Marino, Dickson & Weaver 2010). Furthermore a special reference has to be made to the concept of psychic distance, which means an individual's perception of the differences between home country and foreign countries (Sousa & Bradley 2008). Psychic distance has been found to affect especially SME internationalization, where the lack of resources makes the psychic distance perceived by the SME manager a significant factor in the

decision to internationalize (Zanger, Hodicová & Gaus 2008, Virvilaite & Seinauskiene 2013).

Therefore this study will contribute to the existing network research by examining if the networks have same meaning in different cultures. This study will provide an example from a single, distinctly non-Western culture: Japanese small and medium sized enterprises. In this study, a Japanese small and medium sized enterprise, hereafter Japanese SME, is defined as a company which has its headquarters in Japan, is owned mostly by Japanese and has at most 300 employees, which is the limit set for an SME by the Japanese legislation, Japanese small and medium sized enterprise basic act (Japanese Ministry of Economy, Trade and Industry, Japan Small Business Research Institute 2012).

Japanese SMEs, like their counterparts in various other countries are very much dependent on their business networks. The importance of business networks special to Japan, also known as keiretsu becomes evident when studying Japanese SMEs; most Japanese SMEs are connected to at least some keiretsu networks and these networks largely affect the companies' possibilities and thus behavior in the market (Kienzle & Shadur 1997, McGuire & Dow 2003, Ibata-Arens 2004 and Sugimoto 2010: 95–98). The Japanese keiretsu can be further divided into so called horizontal and vertical networks, which differ besides in ownership structures also in the possibilities and limitations they pose to Japanese SMEs connected to them (Kienzle & Shadur 1997 and Zhang & Cantwell 2011). Most importantly, there seems to be a difference in the internationalization of the SMEs connected to these two distinct networks (Zhang & Cantwell 2011), which indicates that the case of Japanese SMEs can provide meaningful insight to the general SME internationalization through networks research. This will be discussed further in below with the research gap.

1.2. Research gap

To answer why SME internationalization as such should be studied, let us take an example from Japan; most of the population in Japan is employed in SMEs (Sugimoto 2010: 88), and they also accounted for up to 70 percent of all Japanese companies with foreign direct investments (FDI) as of 2009 (Japanese Ministry of Economy, Trade

and Industry, Japan Small Business Research Institute 2012). It can therefore be said that SMEs heavily contribute to the whole Japanese economy and international business activities. To translate this to a general reason; SMEs in general have a large influence on a nation's economy and are furthermore often also active in international business. Because of this economic importance, it is important to study SMEs and their internationalization.

As for the connection between SME internationalization and networks, Mejri & Umemoto (2010) state that domestic and international networks build in pre-internationalization stage are essential for SME internationalization to even start. When we consider this with the notion of networks' importance for SME internationalization presented by various authors (Johanson & Vahlne 1977, Pittaway et al. 2004, Johanson & Vahlne 2009, Chetty & Stangl 2010 and Torkkeli et al. 2012), studying networks is clearly critical for understanding SME internationalization.

Furthermore, if it can be argued that the degree of possible management and the managerial tasks of networks change along with different networks (Järvensivu & Möller 2009), it should also be evident that different networks have different influence on their affiliated companies. Still research seems to be lacking on how different networks affect the internationalization of the companies connected to them. For an example Dobb and Patra (2012) and Michailova and Worm (2003) have found in their studies that culture has a strong effect on business networks, but do not discuss the differences in how these different networks affect internationalization. Ailon (2008) addresses the issue on how the main body of international business research seems to have the undermining assumption that western-based management theories are universally applicable. This stance is also supported by Dodd and Patra (2002), who have found significant differences from other studies about entrepreneurial networking conducted on North European and North-American data when compared to distinctly different cultural areas such as Greece (Southern-European) and Japan (Asian). It is therefore evident that studying the connection of culture and both business networks and SME internationalization is needed.

To further demonstrate the need for consideration of culture to business networks and SME internationalization, the SME internationalization through networks research

field seems to be dominated with western-based (to be specific North-American and North-European) theories, as presented shortly in the previous chapter. Even though the notion that networks usually assist SME internationalization has been widely accepted, (Johanson & Vahlne 1977, Pittaway et al. 2004, Johanson & Vahlne 2009, Chetty & Stangl 2010 and Torkkeli et al. 2012), it seems that the fact that these studies rely mainly on western data has not been assessed. This leads to the conclusion that it would be beneficial for the network research as a whole to study the connection of different cultures to SME internationalization through business networks.

Finally, when studying Japanese SMEs' internationalization, it seems that the general theory of internationalization through networks might not apply to all Japanese SMEs. Business networks seem to also play a great part and aid in the internationalization process of Japanese vertically networked SMEs, which often internationalize together with their large customers (Mitchell & Swaminathan 1995, Hatani 2009 and Guo 2012). For horizontally networked SMEs however, the networks do not seem to give any motivation for internationalization (Zhang & Cantwell 2011, Häkälä 2014). In the case of horizontal networks, the wide home country opportunities arising from inter-industrial networks seem to lessen the SMEs' motivation for going international to search for new markets or knowledge (Zhang & Cantwell 2011, Häkälä 2014). It can therefore be said that Japanese SMEs are somewhat different from at least Western SMEs on which most of the existing network theories for internationalization are based on. This indication proves that taking the case of Japanese SME internationalization and business networks can be a meaningful way of studying the connection of culture, business networks and SME internationalization.

1.3.Goal of the research and research problems

The purpose of this study is to gain an understanding on the connection between culture and SME internationalization and business networks. To address the issue, this study takes an example of a non-western (Japanese) culture to see how it is reflected against the current body of research on SME internationalization through network approach.

To address the goal of the research, this study takes the following research question:

RQ: How is the connection between culture, business networks and SME internationalization?

Even though the focus in case of Japan is especially the connection between culture and SME internationalization through network approach, the research question separates the connection of all three. This is because as evident in the research gap, culture, business networks and SME internationalization have not been connected in previous research. Therefore it is not clear how these three affect each other. Answering the research question should provide insight on both describing the connections and causal effect these three phenomena have with each other.

In order to be able to answer the main research question, this study will first have to answer the following set of two sub-research questions. These questions are focused on the case of Japanese SMEs. Only combining the answers of the questions can provide an answer to the research question;

SRQ1: How does Japanese SMEs' internationalization through network approach differ from the general body of research?

SRQ2: How is the effect of culture to Japanese SME internationalization through network approach?

This study will therefore enrich the current SME internationalization through network approach research by adding the notion of culture. It will see whether or not the widely agreed main theories of the field seem to be applicable in different cultural settings. This will also have a managerial impact as it may explain the possible unique aspects of Japanese SMEs' internationalization logic. Furthermore the study will give insight on the nature of Japanese SME internationalization, which should assist managers dealing with internationalizing SMEs from Japan.

1.4. Methodology

As the question proposes, the aim is to create a detailed and rich description of the connection of culture, SME internationalization and business networks. Since

networks are made up from social relations, and the aim of the study is to describe these relations, in connection to culture and SME internationalization, this study can be said to be qualitative (Adams 2007; 26). This study aims to contribute to the existing literature on SME internationalization and SME internationalization through networks by testing some of the theories main assumptions in a different cultural context. This will be done with the help of an example of a culture that is generally referred to as a very distinct one compared to US and northern Europe; Japan. Since the purpose is to offer a qualitative description on the issue, the study will draw on a literature review accompanied with interviews from Japanese SME internationalization experts.

Literature review is conducted in order to be able to form a theoretical framework that can be the basis of the interviews to be conducted (Adams 2007; 54). Since the study is aiming to grasp an understanding of a cultural phenomenon, the interview is designed as semi-structured, since this style allows for the interviewees to freely add new meanings to the themes provided (Galletta 2012; 1). At the same time, as the aim is to grasp an understanding of a wide phenomenon with limited resources, the semi-structured interviews are conducted as expert interviews (Bogner, Littig & Menz 2009; 2). Altogether six interviews of an approximate length of one hour each were conducted as face to face interviews and have been transcribed. Further discussion on the methodology will be provided in chapter 3, Research design.

1.5. Structure of the study

This study is divided into five parts. After part one, the Introduction, the second part will form the theoretical framework of this study. This is done through a literature review, which is divided into two main parts; the first part will present the general theory on SME internationalization through networks, culture's connection to SMEs and psychic and cultural distance, and finally cultures connection with SME business networks. The second main part will then look into these issues in the context of Japanese SMEs; basics of Japanese SME internationalization, Japanese SME networks, Japanese SME internationalization through business networks, how culture affects Japanese business and finally Japanese culture and the internationalization of Japanese SMEs in network context.

The third part, research design will introduce the methodology used in this study. With the help of the literature review and research questions, propositions are formed for the used expert interviews. The interview is designed to answer to the two sub-research questions with the background of the literature review; SRQ1: *How does Japanese SMEs' internationalization through network approach differ from the general body of research?* And SRQ2: *How is the effect of culture to Japanese SME internationalization through network approach?*

Chapter four, analysis and discussion will present the findings of the conducted interviews with relevant quotations translated in English. Finally, the chapter five, Conclusions, will answer to both the sub-research questions and thus make a conclusion that will provide the answer to the main research question, RQ: *How is the connection between culture, business networks and SME internationalization?* and provide the theoretical implications of this study. Managerial implications and limitations and suggestions for future research are also given.

2. THEORETICAL BACKGROUND

2.1. The connection between culture, business networks and SME internationalization

2.1.1. SME internationalization through network approach

It is first beneficial to address the issue of why a network approach on SME internationalization has been chosen for this study in more detail. There are naturally various theoretical models for explaining SME internationalization besides networks such as learning, international new venture (international entrepreneurship) and institutional models (DiMaggio & Powell 1983, Ruzzier, Hisrich & Antoncic 2006, Oehme & Bort 2015). To gain a truly comprehensive picture on SME internationalization one could say that at least all of these theories should be looked into simultaneously, which would result into a great amount of relevant literature to be compulsory for a literature review. All of the theories still do actually have some overlapping elements, and the network theory seems to easily include these viewpoints too. After all, the original Uppsala model (Johansson & Vahlne 1977) was the basis for learning theories, but like stated above the updated model states networks to be the actual pulling power for internationalization. Moreover networks are recognized to work as a significant source for learning (Pittaway et al. 2004).

The entrepreneurial approaches on the other hand, like in the case of Dodd & Patra (2002) focus on entrepreneurial networking. As SME networking in general actually happens between people rather than companies and entrepreneurs can generally be presumed to contribute to a large part of a SME's networks due to their small size, one can easily see them as a part of network approach focused on a micro level. The importance to consider the human dimension in network theories has been noted early-on in the studies such as Johansson & Matsson (1998). As for institutional theories that emphasize the role of the environment (such as culture, governmental structure and other institutions, actually in general macro-level networks), it brings one back to the dilemma of this study; culture's effect on networks. As this study places a specific importance on the connection between culture and business networks, it is also beneficial to address SME internationalization through this viewpoint. Now that the

reason for using the theory of business networks to explain SME internationalization has been established, the very basics of the network theory on SME internationalization are presented below. Even this introduction of SME internationalization through networks actually includes some studies that have dualistic theoretical roots such as entrepreneurial networking.

As discussed briefly in the introduction, networks have been shown to have a significant, usually positive impact on SME internationalization process. The updated Uppsala model (Johansson & Vahlne 2009) states networking to be the pulling force behind SME internationalization. In the theory internationalization is seen as the action of a company undertaken in order to strengthen the company's position in its networks (Johansson & Vahlne 2009). The same phenomenon has been observed among others by Torkeli et al. (2012), who found that high network competence increased the likeness of SME internationalization, or Ellis (2000) who has found that networks are essential for realizing foreign market opportunities. The notion of the pulling effect of networks for SMEs to internationalize can also be seen in Mejri & Umemoto's (2010) study in which networks are seen as a basic requirement for SME internationalization to even start.

Besides the pulling effect for internationalization, networks provide assistance for their partner SMEs through various benefits, such as risk sharing, obtaining access to new markets and technologies, speeding products to market, pooling complementary skills, safeguarding property rights and acting as the key vehicle for obtaining access to external knowledge, which were also described in the introduction (Pittaway et al. 2004). Many of these advantages are in fact connected to SME internationalization. An often mentioned advantage of networks in internationalization is innovation (Chetty & Stangl 2010 and Löfgren 2014), which is clearly connected to the advantages listed by Pittaway et al. (2004).

Even for the internationalization decision itself, Child and Hsieh (2014) have found that wide networks offer SMEs a change for more rationally-based internationalization decisions. This alongside the various general benefits from networks is most likely the reason why networks aid the success of SME internationalization, especially in turbulent or hostile markets as studied by Salmi (2000) and Torkeli et al. (2012).

Actually Schweizer (2013) goes as far as to stating that gaining access to local networks helps SMEs in overcoming the liability of outsidership that they commonly face in new markets.

Besides the obvious benefits, networks naturally have some draw-backs for their member SMEs. Commonly mentioned issues with network involvement are lost time and decision-making power. To give a more concrete example on the mentioned hindrances, Spence & Schmidpeter (2003) found out that deep involvement in networks took up a considerable amount of the SME entrepreneurs' time for other actual business-related activities and thus actually worsened their busy schedules. Also SMEs losing their decision-making power has been commonly observed especially in the case of large customer – SME supplier vertical relationships (Donada & Nogatchewsky 2006, Colurcio, Wolf, Kocher & Tiziana 2012). Though these issues exist, there is no general view in the theory of internationalization through networks that these issues would be common in hindering also the internationalization of SMEs. Actually in contrast, because of the pulling effect and various advantages, there is a widely accepted consensus in the field that networks are essential for SME internationalization.

Especially the notion of the pulling effect and essentiality of networks for SME internationalization to start have been mentioned several times in the presented literature. Furthermore, as there are no clear indications of networks having any draw-backs to the start of internationalization, the focus of this study should be especially the starting point of internationalization. This is because of the contrast between the above mentioned benefits of networks to the start-point of SME internationalization, and the notion also presented in the introduction by Zhang and Cantwell (2011), which states that horizontal networks lessen horizontally networked Japanese SMEs' motivation to internationalize, thus affecting especially the starting point. This notion of the Japanese case will be discussed further in the part 2.2., while the rest of this chapter 2.1. will discuss the case of general theories further, but the special focus is now laid on the starting phase of SME internationalization.

2.1.2. Culture and SMEs

The concept of culture is defined in this study according to Hofstede's (1993) definition that explains it as a collective programming of the mind that distinguishes one group or category of people from one another (Hofstede 1993; 9). Even though there are various physical manifestations of culture, a phenomenon of the mind fits the context of this study, business, better. Also the notion to culture acting as something that distinguishes some groups from others supports the proposition that culture matters when talking about how networks affect SME internationalization. To create a basis of this thinking, this chapter will first give an insight on how culture has been studied to affect SMEs in general, excluding the network and SME internationalization aspect for the next parts.

Culture has been found to affect the behavior of SMEs in various ways (Luczakck, Mohan-Neill & Hills 2010, Kreiser, Marino, Dickson & Weaver 2010). This is of course natural, since SMEs like all companies are combined of people and national culture does seem to affect human behavior at least to some extent. It is also presumed that culture has in some ways special effect to SMEs in contrast to other kinds of organizations. This expectation is reasonable because SMEs tend to have a lack of resources such as international experience and knowledge in comparison to for an example large multinationals, which might overcome difficulties set by their national culture for international business by their resources (Virvilaine & Seinauskiene 2013). It should therefore be meaningful to study SMEs separately from other types of organizations. The following will present some examples on how culture has been studied to affect SMEs.

Luczack et al. (2010) have created a model based of Hofstede's five cultural dimensions according to which the cultural background of SME managers (Indian and American) correlated with their market orientation and networks. For an example entrepreneurs from collective and feminine cultures would have a relational market orientation to their partners whereas people from individualistic and masculine cultures had a transactional market orientation. The correlation of corporate culture and market orientation has also been reported by Ghanavati (2014) in case of Iranian industrial SMEs.

As another example on how national culture affects SMEs, Kreiser et al. (2010) have examined how the national culture affects risk-taking and proactiveness in SMEs. Again in relation to Hofstede's five cultural dimensions, it seems that uncertainty avoidance and power distance of the national culture do have a strong effect on risk-taking; they seem to notably reduce the tendency for risk-taking. As for proactiveness, national culture with high uncertainty avoidance, power distance and individualism have a negative effect. (Kreiser et al. 2010.) In terms of SME internationalization, Zhang & Dodqson (2007) provide an example of a Korean venture. In the case the Korean national business culture that values personal ties and harmony seeking rather than business and a degree of redundancy of working with foreigners, they witnessed the failure in internationalization of one other vice promising Korean firm. They argue that even on a greater sense the case indicates that culture has a clear effect on especially early internationalization of small companies.

It is notable that there are not many studies on the actual subject of the connection between culture and SMEs. While many studies of SME performance and behavior in different cultures do exist (see for an example Berger & Herstein 2015 and Revti, Lindsay & Everton 2015), only a handful of them actually raise their findings to the general theoretical level of how culture connects to SME internationalization. This could indicate that there is either no wide interest on the subject among SME scholars or that the subject is seen as too difficult to tackle.

While this lack of references causes some difficulty for understanding exactly in how culture and SMEs are connected, the notion of culture itself as the programming of the mind (Hofstede 1993; 9) and thus relevant in human behavior that is the underlying basis of any SME activities indicates that culture does indeed have a role in SME behavior, most likely also the internationalization part of it. To deepen the notion to the actual connection of culture and SME internationalization, the terms psychic distance and cultural distance are widely used in the international business literature (Sousa & Bradley 2008). The next part will therefore take a closer look into these terms and how they are related to the connection of culture and SME internationalization.

2.1.3. Culture and SME internationalization; notion of psychic distance

As stated above, since the context of this study is the internationalization of SMEs, it is not enough to only note how culture is evident in the behavior of SMEs as such. One has to also consider how different cultures are related in international business setting. A common conception with SME internationalization is that the differences in culture of the host country and the internationalizing company form a distance that has an effect on the foreign company's performance in a new market. Two widely used concepts in the international business literature are therefore those of cultural distance and psychic distance, and they also have a strong connection to SME internationalization when discussing its connection to culture. (Sousa & Bradley 2008, Zanger et al. 2008, Virvilaite & Seinauskiene 2013.)

Psychic distance as a concept refers to an individual's mindset. "*Hence, it is the individual's perception of the differences between the home country and the foreign country that shapes the psychic distance concept.*" (Sousa & Bradley 2008; 470). It is therefore as a concept both very subjective and hard to generalize, as it refers to an individual's opinion (Sousa & Bradley 2008). In the existing literature it is however often analyzed either in the level of the individual, a company or a country, even though the individual nature of the concept does make generalizations somewhat problematic (Sousa & Bradley 2008). As the term is in the mind of an individual, it is possible that different parties in the same interaction have different perceptions on the level of cultural distance (Puthusserry, Child & Rodrigues 2014). This is partly deprived on different conceptions of culture, but also each individuals' experiences (Puthusserry et al. 2014). As Virvilaite & Seinauskiene (2013) also mention, psychic distance is especially an important concept in case of SMEs, who have less resources to gain real experiences about foreign markets and cultures. In case of SMEs, the level of experienced psychic distance by the entrepreneur also has a clear connection to the motivation to internationalize (Zanger et al. 2008).

Cultural distance on the other hand refers to the differences between national cultural values, and is therefore in nature a more general term than psychic distance (Sousa & Bradley 2008). The most common used framework for measuring cultural distance is that of Hofstede's and Kogut and Singh's (1988) that is based on Hofstede's

framework (Sousa & Bradley 2008; 471). As a summary both psychic distance and cultural distance discuss the same phenomena, but in different levels; psychic distance is that felt by an individual, whereas cultural distance applies to a country level (Sousa & Bradley). In case of this study, Japanese SMEs, where the entrepreneur as an individual can be expected to be a key player in the starting point of internationalization, the notion of psychic distance seems to be especially important. The term psychic distance is in other words especially related to the starting point of SME internationalization, which in this study is the focal point of internationalization instead of issues such as success rate or speed. Now that this part has explained the connection between culture and SME internationalization through psychic distance, the following part will look into the connection between culture and business networks.

2.1.4. Culture and business networks

This part introduces existing research on the effect of different cultures to business networks. It is worth noting that most of the studies presented discuss China or other distinctly different cultures compared to western culture (Chua, Morris & Igram 2009, Dobb & Patra 2012); this indicates that even though it is not explicitly mentioned in their research, the authors also seem to have the underlying assumption that a western context is the norm for viewing business networks. They therefore provide single examples from different cultures, surely in order to enrich the current business network research field, but do not always explicitly mention this contribution.

At the same time, even though China has been studied as a case of how culture affects business networks (Michailova & Worm 2003, Chua et al. 2009), it does not lessen the need to study the case of Japan. That is since even though these are both Asian countries, there is a clear difference between the two countries. For an instance China is still often referred to as a developing country, whereas Japan is commonly viewed as a developed country similarly to many Western countries. This section will present studies that have been able to form some kind of insights on the relationship of culture and business networks, both those in which the greater theory implication has been clearly stated and those in which it has not.

One study that has made a clear connection between culture and business networks is that of Dobb and Patra (2012); *“Cultural variations contingent upon entrepreneurs can therefore be posited to result in networks of quite differing characters.”* (Dodd & Patra 2002; 2). In their study Dodd and Patra (2002) make a comparison of various studies made on culture’s effect on entrepreneurial networking and find an interesting pattern; even though most of the reviewed studies showed similar behavior, they were also all based on western (North-American and North-Western Europe to be specific) material such as USA, Northern-Ireland, Sweden and Canada. On the other hand, comparison with a study based on Japanese data, a non-western culture and their own focus, Greece (Southern-European culture), showed different behavior. Even though this study refers to entrepreneurial rather than SME networks, it should be applicable at least to some extent to SMEs too, since they are due to their size and age often managed by entrepreneurs, and even when discussing “SME networking”, networking in its very nature happens ultimately between people, not organizations as such.

Money, Gilly and Graham (1998) have studied the usage of word-of-mouth in buying processes of industrial services by Japanese and US companies in both Japan and the United States. They found that Japanese companies used word-of-mouth more often and from parties with whom they had stronger ties than US based companies. This was according to their assumption as Japanese business culture is often described as placing importance on close personal relationships whereas the US business culture is often described as impersonal (Money et al. 1998). Even though not explicitly mentioned, the study therefore suggests that culture has an impact on how important and personal-oriented networks are for businesses.

Chua et al. (2009) have studied trust relationships between American and Chinese managers and their business networks. They found that there were several differences in the aspects that increased trust between the managers and their networks according to these two cultures. For an example for Chinese managers economic ties seem to strengthen their affection-based trust to their partner whereas for American managers friendship is a greater source of trust (Chua et al. 2009). As the trust formulation and types were shown to vary between different cultures, it should be deductible that this (and therefore culture) has some impact on how the business networks are formed and functioning.

To give further insight on studies that have found culture having an effect on business networks, Michailova and Worm (2003) have come to the conclusion that Chinese Guanxi and Russian Blat networks are a result of the countries original cultures, and have their own distinctive characteristics and networks in general express themselves differently in different cultural settings. They even go as far as arguing that *“Networking is a complex phenomenon, which can be approached meaningfully only in relation to a particular economic, political, social, historical, and cultural context.”* (Michailova & Worm 2003; 1). While the authors make a distinction between personal and other types of business networks and focus their study on personal networks, this is surely a good example on how studying non-western networks brings out clear differences between networks according to the national culture. The field is however still open in terms of the case of Japanese business networks, keiretsu. Little is written on how Japanese culture affects keiretsu, and even less is written in the viewpoint of the connection between culture, SME internationalization and business networks.

From now on as this chapter has described how culture has been found to have an effect on business networks in general, the next part will study how culture seems to affect Japanese business networks and therefore SME internationalization.

2.2. Culture and the internationalization behavior of Japanese companies in the context of business networks

2.2.1. Basics of Japanese SME internationalization

The amount of Japanese SMEs doing exports has been growing rather steadily in 2000s, numbering from 5731 companies in 2001 to total of 8252 companies in 2011. The number of SMEs with foreign daughter companies has also increased since the start of the millennium, though the high of 2006, total of 5795 SMEs has slightly decreased to 5630 SMEs in 2009. These amounts are only those of the manufacturing industry, but they give a good picture of the general situation. (Small and Medium Enterprise Agency, Management Support Unit, Foundation and New business promotion Department, Foreign expansion support office 2015)

In terms of the areas that Japanese SMEs are commonly focusing in their internationalization actions, Asian countries account of 77 percent. Most popular target countries for internationalization are Vietnam, Indonesia and Myanmar. As for reasons to internationalize, the most common ones mentioned by SMEs in the study by Japanese Ministry of Economy, Trade and Industry were: Developing new markets (46%), Start-up of a new business (14%), and Reducing production costs by using cheap labor (12%). (Organization for Small & Medium Enterprises and Regional Innovation, Japan 2014)

According to the same study as above, the most common form (30%) of international expansion was exports, followed by establishment of a sales office by foreign direct investment (25%) and establishment of a manufacturing base by foreign direct investment (20%). The community of foreign direct investments is notable especially when considering that 55% of the SMEs studied had less than 50 employees. (Organization for Small & Medium Enterprises and Regional Innovation, Japan 2014)

2.2.2. Japanese business networks

As stated in the introduction chapter, major Japanese business networks, so-called keiretsu, can be divided into two large sub-categories; horizontal (bank-centered) and vertical (non-bank) ones (Kienzle & Shadur 1997, Zhang & Cantwell 2011 and Kimino, Driffield & Saal 2012). These networks generally provide their members with reduced transaction costs and pooling of external resources within the network (Kimino et al. 2012). The basis of keiretsu actually lies in the historical, governmentally formed business networks called zaibatsu, that were established when Japan first started to industrialize (Kienzle & Shadur 1997). Although these networks were officially abolished by the government after the Second World War, the bank-centered ones actually mostly continued their existence in the same manner as before with the name of horizontal keiretsu (Kienzle & Shadur 1997). This part will provide a more detailed description on these two network types.

As the name indicates, vertical keiretsu are mostly consistent of supplier customer relationships in single industries. Zhang and Cantwell (2011) have listed the following vertical networks as the most important ones: Toyota, Nissan, Matsushita, Nippon

Steel, Hitachi, Toshiba and Sony. As one can see, these network types are especially common in the car and electronic industries. These networks are thus often focused on creating the most effective coordination of multiple tasks that require highly sophisticated technologies for each part of the process in a downstream like customer-supplier network (Zhang & Cantwell 2011). The ties between the main parent companies and some of their suppliers in these networks are actually so deep that for an example Takahashi (2014) refers to them as single organization that from the outside seem as a whole but are actually made up from an inseparable connection of different firms. These extremely close ties within keiretsu networks in Japan actually then force one to think of the word organization, which includes these individual firms working seamlessly together as one unity, and the world firm, which refers to the namely independent part of the whole, as clearly distinct and separate (Takahashi 2014).

Naturally, even inside the vertical keiretsu networks there are some differences and the networks are constantly living. Lincoln, Ahmadjian and Mason (1998) provide a good example of this in terms of organizational learning with three different vertical keiretsu; Hitachi, Toyota and Matsushita. In the case of Hitachi the customer and supplier basically work together in each-other's facilities (especially suppliers send their employees to work in the sites of the clients), thus generating new shared know-how and learning. In case of Toyota it is however more common that each task within the network is highly divided among a large number of small suppliers, who all focus only on their core competence, outsourcing everything else from others. This model allows for extremely high concentration and results in each firm, while it also makes all of the connected companies highly dependent to each other. As the keiretsu ties between Toyota and its supplier have weakened, this style of work has also been degreased. In case of Matsushita on the other hand, the strengthening in the keiretsu ties has been a more recent trend, although this has been done only with a very selected number of its vast number of supplier that are traditionally referred to as very open-tied networks. Even though this study is already rather dated, it gives a good example on how there are differences and constant changing even within certain network types. (Lincoln et al. 1998.)

The bank-centered, horizontal business networks cover various industries within a single network (Kimino et al. 2012). Mitsubishi, Mitsui, Fuyo, Sanwa, DKB, Tokai and IBJ are major horizontally networked groups named by Zhang and Cantwell (2011). The name bank-centered refers to the ownership structures within the networks; Kienzle and Shadur (1997) describe the networks as those of companies that own shares from each other and are thus to some extent officially tied together. Besides ownership ties horizontally networked groups are also often linked together with intra-group transactions and mutual appointment of directors (Zhang & Cantwell 2011). Due to being financially interdependent, the horizontal networks provide their member companies with risk-sharing, financing and knowledge-sharing (Zhang & Cantwell 2011). It is significant to note that even though horizontal networks are often mentioned when discussing vertical networks, there are clearly less studies to explain them or their influence on SMEs.

There are naturally cases in which dividing between these two presented categories is hard, such as the case of Toyota that is also considered to be affiliated with the Mitsui group (Kienzle & Shadur 1997). Due to the general economic situation in Japan in the last decades the keiretsu ties have also been reported to have weakened, even though they still exist (Kimino et al. 2012). In general terms the categories however give a good overall picture on Japanese business networks and are still commonly used.

2.2.3. Japanese SME internationalization through business networks

Besides the differences in structures, the Japanese business networks also seem to have distinctly different influence to the companies that are affiliated to them. Since the vertical keiretsu members are often in a supplier-customer relationship (which can be an especially tight structure when the supplier might only have one gigantic customer that basically rules the supplier's production), the SMEs that work as suppliers in vertical networks have a decreased degree of autonomy (Kienzle & Shadur 1997). This is similar to Donada and Nogatchewsky (2006) and Colurcio et al. (2012) who have found that supplier-customer networks in general tend to impose the involved SMEs with reduced autonomy in decision making. In this way Japanese vertical networks do not seem too distinct from those found in other countries, even though the level of

dependency and the amount of SMEs in this position may be significant compared to many other countries.

Vertical keiretsu also do seem to offer the member companies similar advantages and incentives to internationalize as networks are usually prescribed to do; the parent companies offer the SMEs various kinds of support, and they also pull the vertically networked companies to internationalize in new markets. This has been studied by for an example Martin, Mitchell and Swaminathan (1995), who argue that it is common for Japanese automaker suppliers in USA, and Guo (2012) who observed a similar phenomenon of Japanese supplier companies following their manufacturing customers to China, or Hatani (2009) who observed companies in the Toyota network setting up their presence in China in anticipation of Toyota entering to the market. Furthermore, since the vertical networks only cover single industries, vertically networked companies are pulled towards internationalization to achieve know-how from outside their own industry (Zhang & Cantwell 2011).

As for horizontal keiretsu networks, while they do seem to offer their member companies many advantages (Habib 2006, Zhang & Cantwell 2011) similar to the general list of network advantages to SMEs provided by Pittaway et al. (2004), the networks do seem to have an interesting influence to the companies internationalization. In their study Zhang and Cantwell (2011) found out that as horizontal networks provide a good platform for inter-industry innovation inside Japan, being a member in this kind of networks actually decreases horizontally networked companies motivation to internationalize. This would mean that the case of Japanese horizontal networks goes against the notion of for an example Johansson and Vahlne (2009) and Torkkeli et al. (2012) who see that networks generally increase the propensity for an SME to internationalize. It is also notable that whereas various studies of vertically networked Japanese SME internationalization are published even in English, at least in English language there have not been many publications on the case of horizontally networked SMEs. This could of course simply indicate a lack of interest in the subject in the academia, or it could mean that internationalization behavior of Japanese horizontally networked SMEs is not as common as their vertically networked counterparts.

All in all, like mentioned in the introduction chapter, it therefore seems that SME internationalization through network approach does not seem to function quite according to the general theory the context of horizontally networked Japanese SMEs. As these two chapters have now provided a description on Japanese business networks and their connection to SME internationalization, the next part will tie these issues with the third focal phenomenon of this study, culture.

2.2.4. The underlying national culture that affects Japanese business

The aim of this part is to go into more details on the connection of culture and Japanese SMEs. As Ford and Honeycutt (1992) state, “To understand Japanese business, it is necessary to understand the culture”. These authors have also seen the tendency of studies on Japanese businesses to only focus on the organizational cultures of some companies without much consideration of the national culture underlying the organizational practices. Turner’s (1999) article on a Japanese production firm that was constantly refining its organizational culture by different campaigns is a good example of Ford and Honeycutt’s (1992) view that while a company culture is usually company specific, it is at the same time still dependent on the national culture. Therefore focusing on culture in general versus to only organizational culture seems to be especially beneficial in case of Japanese SMEs and this study.

As a very basic introduction to the subject, Ford and Honeycutt (1992) furthermore provide the following list of aspects in the Japanese culture that they find to affect the Japanese business culture; 1) the importance of the process itself rather than the end result (this can be seen in both traditional tea ceremony and compulsory socialization with business partners). 2) Collective culture and the importance of consensus of everyone in decision making. 3) Importance and presence of hierarchy (everyone in an organization knows their status related to others, and this status is created by various aspects such as the official status, age, time of service in the company and family background). 4) Long-term orientation. And underlying all of these aspects the authors also mention the Japanese strive to preserve traditions, which ensure the preservation of the above cultural aspects.

As a concrete example of the Japanese tendency to preserve old traditions Ford and Honeycutt (1992) provide the reluctance of Japanese to accept women in business. Even though the article is over twenty years old by the date of this study, women's status in the work place is, despite the various efforts by government and some large companies, still very conservative in Japan. Sure enough almost half of the Japanese workforce is female, but they are mostly employed in low-power positions and still have to leave the working life for several years in case of childbearing (Sugimoto 2010b).

Japanese culture's long-term and collective orientation presented by Ford and Honeycutt (1992) can also be seen as some key enabling factors in Turner's (1992) case in which the company performs various long-term campaigns to refine the company culture for a collective purpose; the company's ability to survive in the long-term. The collective orientation of the Japanese culture can also be seen in the way in which Japanese people tend to focus a great deal of attention to how other members of the society view their actions, in other words, fitting in (Saeki, Oishi, Lee and Maeno 2014). Furthermore, Crossman and Noma's (2013) article on subsidiaries of Japanese multinationals in Australia supports the importance of hierarchy in Japanese culture as the case illustrates the importance of status within the company for the actions of the Japanese expatriates.

To explain the effect of Japanese culture to growth-orientation, Aoyama (2009) presents a study on how Japanese regional culture impacts entrepreneurial behavior. According to Aoyama's (2009) study, Kyoto-based entrepreneurs and businesses, which are said to follow traditional Japanese culture, are not very growth-oriented and value contacts throughout generations. Even though Hamamatsu region is presented in the study as a somewhat open opposite to the traditional mindset in Kyoto, the later one seems to be more widely persistent in Japanese business (Aoyama 2009). This should make internationalization and finding a new partner in an unknown market less appealing for SMEs that rise from traditional Japanese settings.

As it can be seen from the previous part's brief description of the most commonly perceived issues in Japanese culture concerning business, Japanese culture has indeed been studied and the studies have found it distinctly special or different from some

other cultures. This notion of the importance of culture when discussing Japanese business leads to the notion that it should also be taken into consideration when discussing Japanese business networks. The following part will therefore give a brief description of the body of research on the connections between Japanese culture, business networks and SME internationalization.

2.2.5. Japanese culture and the internationalization of Japanese SMEs in network context

The historical status of Japanese business networks (Kienzle & Shadur 1997), which was presented above in 2.2.3., can be said to make keiretsu a part of Japanese business culture in general, similarly to the Chinese Guanxi networks or the Russian Blat discussed briefly in the previous chapter. Especially in the case of vertical keiretsu it seems that there is a strong culture between the customer and supplier relationships of SMEs being supported and benefiting by the steady orders and resources of their customers, but simultaneously being almost completely dependent on the decisions of their customers, almost like real parent-child relationships (Kienzle & Shadur 1997).

The possibility that horizontal networks have a hindering effect on Japanese SME internationalization has been referred to various times in the previous chapters. To explain why the horizontal networks might have this kind of negative impact on their affiliated companies' internationalization, culture seems evident. After all, the keiretsu structure itself is historical and part of Japanese business culture. For an example, in agreement with Ford and Honeycutt's (1992) research presented in the previous chapter, Slater and Robson (2010) state that social capital (in other words relationships and networks) is especially important and present everywhere in Japanese society. Furthermore the authors even go as far as to saying that because of cultural issues Japanese companies tend to favor working with other Japanese companies and only seek partnerships with outsiders if they feel that they cannot get the needed know-how or other resource from within their organization (Slater & Robson 2010).

As mentioned in the previous chapter, a similar pattern is also presented by Aoyama (2009) who states that Japanese entrepreneurs from a traditional setting are not very growth-oriented. Since in case of Japan the keiretsu networks are tightly present as a

traditional setting and also still evident in Japanese business as a whole, it is possible to assume that with a great likeliness at least part the traditional companies mentioned by Aoyama (2009) are actually also tightly connected to horizontal networks. The reluctant attitude to internationalize was also evident in the study of Todo and Sato (2014). Out of the sample data, the most common reason for not internationalizing was simply that there was no need to do so rather than the lack of needed resources (Todo & Sato 2014). Actually their whole study indicated that in case of Japanese SMEs, the internationalization decision was mostly dependent on the psychological mind-set of the company president (Todo & Sato 2014).

Connecting to the notion of Kienzle and Shadur (1997) that vertically networked SMEs are often pulled abroad by their large partners, it seems evident that while the vertical networks do eventually result in member SMEs internationalizing, the internationalization is especially done in order to work with other Japanese companies in the target country in contrast to seeking for new foreign partners or markets. When the above is connected with the notion of Slater and Robson (2010) and Todo and Sato (2014), it would then seem that at least in terms of traditional thinking, Japanese business people have a certain dependency to prefer working with other Japanese companies rather than finding foreign partners. Most likely this is at least to some degree connected to the issue of psychic distance mentioned in the part 2.1.3. This supports the logic presented in the introduction that Japanese horizontal business networks actually lessen the member companies' willingness to internationalize (Zhang & Cantwell 2011, Häkälä 2014).

2.3. Theoretical framework

Based on the literature review of this chapter, a theoretical framework can be formed. This framework demonstrates a synthesis of the main relevant studies and theories; culture's connection to SME internationalization and internationalization through networks in the context of both the general theory and the case of Japan. The framework is presented in Table 1., Theoretical framework.

Table 1. Theoretical framework.

	General theory	The case of Japan
Business networks and SME internationalization	Business networks increase the propensity and success rate of SME internationalization (Pittaway et al. 2004, Johanson & Vahlne 2009, Chetty & Stangl 2010, Torkkeli et al. 2012),	Vertical networks; increase the propensity and success rate of SME internationalization (Martin et al. 1995, Hatani 2009, Zhang & Cantwell 2011, Guo 2012). Horizontal networks: increase the success rate of internationalization, but do not increase the propensity to internationalize (Zhang & Cantwell 2011).
Culture and SMEs	Culture affects SME behavior; for an example market orientation (Luczak et al. 2010, Kreiser et al. 2010).	Culture affects SME behavior; for an example culture makes them long-term and makes collectivism and hierarchy important (Ford & Honeycutt 1992, Crossman & Noma 2013, Saeiki et al. 2014).
Culture and business networks	Culture has a clear connection to business networks, culture affects the way in which business networks are used (Money et al. 1998, Michailova &	Japanese business networks have their base in Japanese history, for an example tendency to prefer Japanese partners (Kienzle & Shadur 1997, Aoyama 2009, Slater &

	Worm 2003, Chua et al. 2009, Dodd & Patra 2012)	Robson 2010, Todo & Sato 2014).
Culture and SME internationalization	Culture and psychic distance are connected to the SMEs' motivation to internationalize (Zhang & Dodqson 2007, Zanger et al. 2008, Virvilaite & Seinauskiene 2014).	Low growth orientation and tendency to favor Japanese partners seem cultural and to be connected to SME internationalization (Aoyama 2009, Slater & Robson 2010, Todo & Sato 2014).

It is notable that the statements in the table consist of a synthesis of the results of various researcher mentioned in each representative column. It gives a simple outline on the connection of the three focal phenomena of this study; culture, business networks and SME internationalization and adds them to the case of Japan. Based on this theoretical framework the next part will now form a research design for making an empiric study on the connection of culture, business networks and SME internationalization in the context of Japan. The results of this empiric research will then be connected with this theoretical framework in the last chapter, conclusions, and provide the answer to the research question RQ: *How is the connection between culture, business networks and SME internationalization?* and the two sub-research questions.

3. RESEARCH DESIGN

3.1. Method and propositions

Like stated in the introduction, this study will take a qualitative approach, since the aim is to provide a rich description of the social phenomena that is the main research problem of this study; the connection of culture, business networks and SME internationalization with case example from Japan (Adams 2007; 26). Besides the theoretical framework that was formed based on a literature review in the previous chapter, the issue is studied with the help of semi-structured interviews that give space for the interviewees to describe their views with freedom and detail (Adams 2007; 54, Galletta 2012; 1). The following sections will describe the used interviewing method, semi-structured expert interviews in more detail. The following section will then form interviewee criteria based on the methodology of expert interviews and interview questions.

3.1.1. Semi-structured interviews

Even though interviews are hardly neutral as they occur between active interaction of two or more people, interviews are one of the most commonly used and powerful ways for researchers to who are trying to gasp an understanding of other humans (Fontana & Prokos 2007). Semi-structured interviews allow the researcher to address specific dimensions of the research topic while leaving space for the interviewee to offer new meanings for the study (Galletta 2012; 1). Before interviews are conducted, a literature review on the existing studies about the research subject is needed to graft meaningful research questions and method (Galletta 2012). A semi-structured interview is great for understanding complex phenomena by allowing the study of lived experiences with theoretically driven focus (Galletta 2012; 24).

Selection of interviewees should be done according to a pre-set criterion that is formed by considering what qualities the interviewees should have in order to be able to give information that is relevant to the research questions. In an ideal situation the number should be determined along the way with the interviews so that interviews are

continued until there starts to be clear saturation in the answers of the interviewees. This is however often impossible due to time and resource limitations. (Galletta 2012.)

As for forming the questions for a semi-structured interview, it is important to form them before-hand in order to be able to keep the focus of the interview and also to avoid problems with for an example the wording of difficult or sensitive areas. This does not however mean that the wording could not be changed; on the contrary the language and terms should be made so that they fit the language of the interviewee. This is the reason that in this particular study, for an example, the term horizontal networks was also referred to as networks between SMEs, and the description of vertical networks as parent-child relationships, that was also frequently used by the interviewees. (Smith 1995.)

To help in finding knowledgeable interviewees for this particular study, this study employs the use of expert interviews. The following section will describe this method and give further details on why employing this method is beneficial for this study.

3.1.2. Expert interviews

As Bogner and Menz (2009; 55) state, in terms of methodology an expert interview is “...*qualitative interview with a particular social group.*” Expert interviews are an effective way of gathering inside information on a wide amount of players (Bogner, Littig & Menz 2009; 2). As the purpose of this research calls for information on Japanese SME behavior in general and has limited resources, this method was chosen for data collection. Choosing expert interviews as a method aims at increasing the likeliness of getting interviews, as experts in a certain field are often motivated to help the advancement of their field and also understand the importance of the study (Bogner et al. 2009; 2).

Generally speaking a researcher can choose who they interview as experts in their study (Meuser & Nagel 2009). This kind of choice however naturally calls for methodological reasoning according to the research problem. To differentiate an expert from anyone in the field it is notable that a person referred to as an expert should have knowledge that differentiates them from others in the field; that is something

other than every-day or common-sense knowledge (Meuseur & Nagel 2009). There are various ways of defining an expert depending on the research problem and design, but a common way is to assume that knowledge can be gained from those that are made experts in social reality such as trained and specialized professionals, scholars that have made publications in relevant literature or those that are active in corresponding organizations (Bogner & Menz 2009). This kind of social-representational approach however possesses a risk that the concept of an expert implying an elite position will be accepted without criticism (Bogner & Menz 2009).

In connection with Meuser and Nagel's (2009) rather loose definition of experts, Bogner and Menz (2009) furthermore introduce a way to conceptualize experts in terms of the structure of their knowledge. They identify three central dimensions of expert knowledge; technical (more systematic and specific in content than everyday knowledge), process (practical information on sequences of action) and interpretative knowledge (experts subjective orientations and interpretations) (Bogner & Menz 2009). Thus Bogner and Menz (2009) define an expert as someone who has all above mentioned three kinds of knowledge and has the potentially of getting their orientations enforced.

There is active debate on the validity of expert interviews as a method for data collection mostly concerning the unclear methodological nature, for an example the difficulty of defining an expert and lack of standardization and data qualification. Bogner and Menz (2009) however do not see a fundamental methodological problem with the method; "*We suspect that the problem lies elsewhere, and that the debate about the expert interview is being kept alive by a lack of clarity in the systematization of the different epistemological interests and research designs.*" (Bogner & Menz 2009; 44). They actually propose three different, dominant forms of expert interviews with different epistemological functions; exploratory, systematizing and theory-generating expert interviews (Bogner & Menz 2009).

The exploratory expert interviews are commonly used in new or poorly defined fields to gain an understanding of the area under research. Systematizing expert interviews are the most commonly conducted. These interviews treat experts as sources of valid information that is hard to collect otherwise, especially about events and social facts.

This approach can be especially open with the defining of an expert according to the social phenomena being studied. Lastly, as the name implies, theory-generating expert interviews seek to build theoretical conceptualizations of possibly implicit stores of knowledge that the experts have developed in their activities and are constitutive for the functioning of social systems. Theory is generated by interpretative generalization of a typology, thus actually following the principles of interpretative sociology. (Bogner & Menz 2009.)

As a method for data collection using expert interviews Meuser and Nagel (2009) suggest using open interviews based on a topic-guide appropriate for data collections. Despite the topic-guide, the focus of each interview will likely vary depending on the interviewee (Wroblevski & Lettner 2009; 242). For creating a topic-guide and preparing the interviews Meuser and Nagel (2009) furthermore suggest thoughtful study of the topic beforehand. Both of these relate to semi-structured interview method introduced before this section. In this study, this was done by literature review and forming of a theoretical framework before the interviews. The use of a topic guide is done by forming open questions common to semi-structured interview.

3.2. Interview questions and Interviewee selection

3.2.1. Interview questions and approach

As stated in the first sections of this chapter, the interviews used in this study were semi-structured expert interviews. To test the propositions, the following questions were asked from the interviewees;

1. Please describe the Japanese SMEs' and their special points

This question is asked to get a description as free as possible from the interviewees. In ideal situation the interviewees can thus give completely new meanings and aspects to the whole term and nature of Japanese SMEs.

2. Please describe Japanese SME business networks

A special topic of interest with this question is if and how the experts use the terms of horizontal and vertical networks and how they are understood. It is also significant to let them describe the importance of the issue freely to see if networks actually are a valid point of view to Japanese SMEs.

3. Please describe the internationalization of Japanese SME's in general

Special interest with this question is whether or not networks play a role in Japanese SME internationalization and how does internationalization usually start. An open question aims to also drawing out completely new issues compared to the theoretical background.

4. Please describe special points about Japanese SME's internationalization

This question aims to get more details on SME internationalization, and to find out what the interviewees themselves thought of as special to Japanese SMEs in comparison to other countries. This is also connected to psychic distance.

5. Please describe the relationship of Japanese culture and Japanese SMEs

The last question goes more into detail with the connection of culture, Japanese SME internationalization and business networks. Special attention is drawn to how culture is seen or affects these two phenomena.

As it can be seen, these five questions are open in nature, providing a theme for the interviewees to express their view on the matter with as much freedom as possible (Smith 1995). They are also partly made with funneling; question 3 asks for a very general view on Japanese SME internationalization, whereas question 4 asks what is special about it (Smith 1995). This technique in semi-structured interviews leads the interviewee naturally from a general issue to more specific ones (Smith 1995). However, depending on the interviewee, various extra themes or questions were provided during the interviews either in order to clarify a topic, ask about the special expertise of the interviewee or to provide a starting point within the themes. This is a common approach in semi-structured expert interviews (Wroblevski & Lettner 2009;

242) Often mentioned themes, or so called prompts with each question are listed in the appendix.

The list of extra questions or prompts and themes did however vary depending on the interviewee, and cannot thus be seen as an exact structure that would have been followed. Using of the prompts after main themes or questions is a common way of helping the interviewees with questions they feel as too general. One of the main purposes of semi-structured interviews is to let the interviewee get to what they think of the topic of question with as little leading as possible from the interviewer, and this is what was done. This resulted in the amount of verifying questions and themes to vary greatly depending on the interviewee and their willingness or ability to describe their thoughts freely. Even though it is argued that using many prompts might indicate that there is a problem with the motivation of the interviewee, in this study it is most likely a result of the Japanese culture; like the interviewees themselves mentioned, it is not common for one to speak of their true thoughts openly in Japan. (Smith 1995.)

All of the interviews lasted approximately from 50 minutes to an hour. This choice was made based on the number of themes to be discussed and to allow the interviewees the convenience of a short interview that they could also accept during their working time. All of the interviewees were first contacted by an e-mail in Japanese language, explaining briefly about the topic and purpose. All of the interviews were conducted face to face in Japanese language to provide the interviewees a chance to express themselves with as much ease as possible and also in order to gain interviews, as English is not commonly spoken in professional level in Japan. Some, but not all of the interviewees also mentioned that they did not have sufficient English language proficiency during the interviews. In order to increase the effective use of time, letting the interviewer fully focus on what the interviewees are saying instead of note-taking and to allow for exact processing, all of the interviews were taped with the permission of the interviewees (Smith 1995). All of the interviews have been transcribed in Japanese by the author. In this study, only the parts that are used for quotations are presented with English translations in the text, accompanied with their original Japanese form in the appendix.

3.2.2. Interviewee selection criteria

In order to address the interview questions, an appropriate interviewee criterion has been made. This is in general the basis of the selection of interviewees for a semi-structured interview; who are those experts that could provide meaningful answers to the questions asked (Galletta 2012)? As this study employs expert interviews, it has to be first defined what makes one expert in terms of Japanese SME internationalization and business networks. For this selection this study will make use of the criterion set by Bogner and Menz (2009) that was presented in the chapter above. Experts should therefore have both special knowledge; technical (more systematic and specific in content than everyday knowledge), process (practical information on sequences of action) and interpretative knowledge (experts subjective orientations and interpretations). In addition to knowledge the experts should have some kind of social acceptance of their status, *the potentially of getting their orientations enforced*. This can be through various activities in the field such as academia, professional or being active in related associations and such. (Bogner & Menz 2009.)

The above is made into concrete criteria as follows: For technical knowledge, the interviewees should have deep understanding on how the Japanese SMEs actually behave in terms of networks and internationalization, such as what are their normal steps, how wide are typical networks and so on. For process knowledge, the interviewees should have some practical experience on Japanese SME internationalization, business networks and on Japanese culture, preferably in an international setting. And lastly for interpretative knowledge the interviewees must be able to address their knowledge in a systematic manner that lets them to make their own interpretations on the subject in general level. To fulfill the social acceptance provision, the experts also should be engaged with Japanese SME internationalization through work, academia, relevant associations or all of them at once.

To put in as a simple criterion, the interviewees to be interviewed as experts in this study had to have a) Good general understanding on Japanese SMEs and business networks from either studies or own work experience, b) Understanding how Japanese SMEs internationalize based on studies and/or involvement of several internationalization projects, c) Understand Japanese national culture and how it

affects business, and d) Understand that there are differences between cultures; preferably own international experience with business actions involving Japanese and other-country actors.

To assist with the selection of the experts, the following Table 2., Qualities to be fulfilled by the interviewees, was formed. To be qualified as an expert for the research, a person had to have at least 3 of the total 7 qualifications. A comparison of the table and each chosen expert was made before requesting an interview in the case of all of the experts chosen. This was done in order to make sure that all of the experts to be interviewed would be able to provide knowledgeable answers to the interview questions. Forming a table that describes the dimensions important for the research questions and to which the interviewees can be compared is also a common and suggested practice in the semi-structured research method, as mentioned by Galletta (2012; 34).

Table 2. Qualities to be fulfilled by interviewees.

	Person 1	Person 2	Person N
Knowledgeable about Japanese culture (research or national)			
Has studied Japanese SMEs internationalization			
Has studied Japanese business networks			
Understands Japanese business networks based on work or research			

Works or has worked with Japanese SMEs			
Works or has worked with Japanese SMEs that have/had some internationalization actions			
Has intercultural experience (Japanese and some other culture)			

3.2.3. Sample selection

Based on the criteria presented above, a total of 6 experts were selected to be interviewed and 6 interviews were conducted. As Galletta (2012) among other suggests, the number of the interviews was not decided in the beginning, but in contrast interviews were carried out with people who filled the criterion until both the saturation of new knowledge (drastically new themes stopped emerging after the 3rd interview), but also until the practical time limit; the last interview was conducted only a day before the I had to end my six months stay in Tokyo. These selected six experts included three distinct groups of people; two of whom are participating in the actual Japanese SME business as consultants, three experts from governmental or other official institutions that support Japanese SMEs that are doing or hoping to engage in international business, and one scholar from a scientific association that studies Japanese SMEs. The following offers a slightly more detailed description.

Two private international business consultants (hereafter consultant A and B) who also had their own small companies were selected on the basis that they 1) Had knowledge about Japanese culture (Japanese nationals), 2) Understand Japanese business networks based on their every-day work as both consultant assignments and running their own companies, 3) Were and had been working with Japanese SMEs, 4) Work with internationally active Japanese SMEs and 5) Had intercultural experience as they were part of an international consultant association working with assignments between Japanese and foreign companies.

The scholar who provided an interview for this study had a PhD in economics and is focused to Japanese SME internationalization in his research. This expert was also a part of an association for studying Japanese SMEs and fulfilled the following requirements: 1) Had knowledge about Japanese culture (Japanese national), 2) Understands Japanese business networks based on research, 3) Has been working with Japanese SMEs in his research, 4) Has studied (worked) with internationally active Japanese SMEs and 5) Had intercultural experience as he was also studying and visiting European companies for his research.

In the case of the official institutions, all of the interviewees also kindly asked some of their colleagues to join the interviews. Of those, organization A was a local governmental organization and included two staff members for the interview. These members both fulfilled the following requirements: 1) Had knowledge of Japanese culture (Japanese nationals) 2) Understand Japanese business networks based on working with SME support related matters, 3) Work with supporting Japanese SMEs and 4) Work with internationally active Japanese SMEs.

Organization B was a governmental organization that supports and studies SMEs from all over Japan and provided 4 staff members for the interview. These members all fulfilled the following requirements: 1) Had knowledge of Japanese culture (Japanese nationals), 2) Understand Japanese business networks based on working with SME support related matters and research, 3) Work with Japanese SMEs support and 4) Work with internationally active Japanese SMEs.

Organization C was an official organization supporting especially SME companies, both Japanese and foreign, in trade between Japan and other countries. Two staff members of the organization offered their time for the interview and fulfilled the following set of criteria: 1) Had knowledge of Japanese culture (Japanese nationals), 2) Understand Japanese business networks based on working with SME support related matters and research and 3) Work with Japanese SMEs support, 4) Work with internationally active Japanese SMEs and 5) Had intercultural experience as they even personally provided support in international business situations to SMEs and offered services to also foreign companies in Japan.

All in all the interview part of this section thus consisted of six interviews with all together 12 people. In some cases the interviewees were introduced to me before the first e-mail contact by a third party in the Finnish Trade Center, Embassy of Finland in Tokyo, Japan, in which I was working as a trainee during the time of the interviews. The two staff members of the Trade Center actually acted as the key people for gaining access to four interviewees. I contacted the other two interviewees straight based on public contact information available on the internet as organizations, both of which I gained an introduction of a possible interviewee.

3.3. Analysis of the data

Like stated earlier on this chapter, a qualitative analysis has been chosen to best use the rich and complex descriptions gained from the semi-structured interviews (Smith 1995). After the transcription, the analysis was conducted according to a thematic approach provided by Smith (1995), starting with a look for themes from each transcript; 1) making notes of parts that seem important or interesting, 2) recording emerging key themes (key words), 3) Looking for connections between the emerging themes and forming clusters from them, 4) producing a master list of the main themes in a logical order 5) identifying the parts connecting to each theme from the original transcript. The same process was used with all of the transcripts, accompanied with the comparison and re-shaping of the emerged themes from each interview with each other. This method is applicable to only a relatively small number of interviews, in which case the researcher can still have a mental picture of the overall themes and locations of the themes in each case. Since the number of interviews undertaken in this study was six, this method was seen as appropriate. Furthermore this method has been recommended for beginners and was chosen as this study has been the first qualitative interview project I have undertaken, and as a learning case for qualitative analysis of interviews. (Smith 1995, Galletta 2012.)

The method described above resulted in 5 main themes that were divided into two categories for clarity; 4.1. Japanese SME business networks and internationalization and 4.2. Japanese culture and Japanese SME internationalization. The themes under the first category, Japanese SME business networks and internationalization, were as follows; 4.1.1. The division of Japanese business networks, 4.1.2. Japanese SME

internationalization and 4.1.3. The effect of networks to Japanese SME internationalization. The themes for the second category, 4.2. Japanese culture and Japanese SME internationalization, were 4.2.1. The effect of Japanese culture to the Japanese SMEs and 4.2.2. Japanese culture and Japanese SME internationalization. To simplify the themes, there were two main groups; Japanese business networks and SME internationalization and the connection of these two, and the second main group of themes concerned on the connection of culture to Japanese SME internationalization and business networks.

Although some of the themes follow those of the original interview questions, there are also some that clearly emerged from the interviews. For an example the strength of the division between the two network types was unexpectedly strong with all of the interviewees without specific questioning, and has thus been presented as a theme of its own. Under all of these five main themes various sub-themes exist. They are introduced in the following chapter, 4. Analysis and discussion with specific example quotations from the interviews.

The level of analysis used is developing a theory; this is done by using the interviewees' answers as evidence while making an explanation of how they actually felt about the main theme of the empirical part; the connection between Japanese culture, business networks and SME internationalization (Smith 1995). This is necessary since none of the interviewees could, rather naturally, answer the question as such. The analysis of the case of Japanese SMEs is then brought to the level of general theory in the final chapter, where a contribution is made in terms of developing the theory of both SME internationalization and business networks by describing their connection to culture. The next part will however first provide the analysis and discussion of the interviews.

4. ANALYSIS AND DISCUSSION

4.1. Japanese SME business networks and internationalization

4.1.1. The division of Japanese business networks

As discussed in 2.2.3., Japanese culture and the internationalization of Japanese SMEs in network context, Japanese business networks have been divided into two categories by various researchers; horizontal and vertical business networks or so-called keiretsu (Kienzle & Shadur 1997, Zhang & Cantwell 2011). However it is interesting to note that in many of the interviews the experts actually divided Japanese business networks in two by calling only the vertical ties those of keiretsu, and horizontal ties were referred to only as horizontal ties or networks between SMEs, but never as keiretsu. They also were often referred to as something that strongly includes different industrial associations or Chambers of Commerce. The vertical keiretsu ties were also often referred to as parent-child company relationships or SMEs relationship with large companies. The following presents divisions offered by two different Japanese SME support organizations:

Quotation 1

Ties between companies are naturally the foundation of business, so I do think that they are important... But if we talk about keiretsu that we just discussed, I think that most of the connections are vertical... And of course on the horizontal level, something like unions, um, there is the topic of associations and such, and also... Chamber of Commerce. (Organization B staff member)

Quotation 2

Japanese SMEs, when discussing them from the network point-of-view... there are those SMEs that are tightly connected to large companies and those that move only with other SMEs... I think they can be divided into those two (Organization C staff member)

Many of the interviewees also discussed the whole keiretsu system as a somewhat outdated system that has been weakened lately. Although many stated that “lately” the ties have gotten weaker, one of the interviewees explicitly named the timing of this weakening as of after the Lehman shock in 2008, which caused problems to many Japanese SMEs as their large customers were moving their losses and decreased demands straight to their suppliers’ shoulders as increasingly strict price demands. The following conversation is from with a staff member of a local governmental SME support organization:

Quotation 3

I guess there are people like that (who work mainly only with parent companies or keiretsu). Those that only work with their parent companies. But I wonder how it is after the Lehman Shock... Everyone had to start searching. Um, for an example, for some companies 80 percent of their work used to be from their parent company. At least for the most part, right?...The parent companies’ business got bad because of the Lehman Shock, so 80 percent of the work would disappear, right... I get the feeling that they are looking for a way to be independent. I am not sure if there are still some companies just working 100 percent for their parent companies, but I feel there are very few... I do feel that working just with other SMEs has lately, maybe for the past few years, increased... With just that it is also extremely hard, severe. (Organization A staff member)

This also indicates that even though the networks are often clearly divided into two, it does not mean that SMEs could not have both vertical and horizontal ties concurrently. Even though this study and also the interviewees generally use this division, it is therefore important to notice that the categories are not absolute and even inside them many deviations exist.

The term keiretsu seemed to have a mostly negative association for the interviewees. Although they were able to name some natural benefits such as predictable and stable demand and getting information and know-how from the large partners, the experts seemed to emphasize the strict prize claims and dependency to the whims of the customer company when describing vertical ties;

Quotation 4

Well, especially those that are dependent on large companies or, that kind of places, if they can successfully gain intelligence from the large company... and use it well, it's all good but... Well, it might not be so common but if the large company were to turn its back for some reason. If the friendship were to broke, the SME would be out for a lifetime. Because there is that kind of danger within large companies. (Organization C staff member)

As for horizontal networks, they were especially understood as the ties of equal SMEs, almost seemingly as including large companies to the network as partners with equal power seemed a rare possibility (even though some of the interviewees did mention it). The whole concept of horizontal networks seemed to feel slightly difficult as in not clearly definable, though almost all of the interviewees did mention public support institutions, Chamber of Commerce, JETRO (Japan External Trade Organization) and such supporting organizations as an important part of the horizontal networks. There was also a sense of newness with the term. The following is a mention by one expert about the various organizations aiding Japanese SMEs;

Quotation 5

Since it is possible to go, quite many are doing it by themselves. Well, we call it direct trading, it is increasing lately. In that kind of times, for support there is, well, JETRO is just doing exports, but... JETRO, also MIPRO... They give support, even though MIPRO is small. Also the SME Promotion Agency I just mentioned and... There are those SME somethings. Or lately, um, prefectures, prefectures... The local, local government and such, that kind of places really do those kinds of support. (Consultant B)

As many of the interviewees empathized, Japan has a history of extremely strong vertical ties. Horizontal ties were of course also described as having long roots in the traditional craftsmanship and traditional crafting industries and industrial areas such as Ootaku or making of traditional Japanese wooden bowls. The following is an

example of such description, which also includes the reference to vertical networks as parent-child ties:

Quotation 6

In there, the person making the bowl and the person painting it, that job is highly divided. I think that the long run of that is Japan's, what to say, origin of industries... It could be called culture... So because of that, that kind of a thing and the so called parent and subsidiary positioning, and the relationship between those craftsmen... For an example part maker or parts suppliers' ties are extremely strong I think.
(Consultant B)

To make a conclusion on the subject of Japanese SME business networks as such, dividing the ties to vertical and horizontal ones was a commonly known categorization for all of the interviewees. Networks were also commonly seen as highly important and having long historical roots. The interviewees' descriptions however also offered certain deviations from the existing theory. Even though vertical networks were widely understood similarly to the existing literature, they were seen as somewhat a phenomenon of the past. In the case of horizontal networks, the definition itself was somewhat unclear. As this chapter has now explained the basic nature of Japanese SME business networks, the following part will describe the interviewees' views on Japanese SME internationalization.

4.1.2. Japanese SME internationalization

When asked about the reasons for Japanese SME internationalization in general, it was interesting to note that many of the interviewees mentioned internationalization as a last resort option or a forced action; being pulled out by their customers and being unable to survive with just the domestic market were the most common reasons mentioned, although the later was also of course also noted as a positive, willing action for growing by few. Other mentioned voluntary reasons were seeking for cheap labor, and following other Japanese companies to so called popular areas. The following is an example of provided reasons for internationalization;

Quotation 7

Because of that, the aspect called cost reduction, about foreign sales channels, the Japanese demand is shrinking so, um, one point is that there is no other option than to go abroad, but... another one is the people who are seeking for places to reduce costs. (Organization A staff member)

When it comes to the countries to which Japanese SMEs are focusing their internationalization actions, the main answer was Asia, especially the South-Eastern part of it, which is in correspondence with the actual statistics that have been discussed in the earlier part of this study. The reasons for choosing these countries were mentioned to be similar to the reasons for internationalization in general; looking for new markets (especially China was mentioned as a popular target due to its great size, though everyone agreed that other emerging Asian countries have lately gained popularity) and cheap labor or materials.

Named common draw-backs or reasons for possible failures in internationalization were lack of knowledge about the foreign country or markets, lack of ability to localize the product or production method and failures, failures with utilizing local human resources, and in finding a suitable partner. Especially among failures with partners, it was often mentioned that Japanese SMEs tend to trust their partners too quickly and thus sometimes get betrayed (especially not receiving payment of products supplied or products that had been paid for seemed to be common). The following is an example from a consultant on the use of human resources;

Quotation 8

Definitely the way of using the foreign human resources. I think this is difficult. There is no way it will go as in Japan. In any country. If you go on and do things like that, the people will not follow you. I hear a lot of those kinds of stories. (Consultant B)

It was also often noted that especially when the Japanese economy was doing well in the 1980's and 90's as well as even nowadays, Japanese domestic markets are actually so large that there is not necessary a need for internationalization to get new know-

how or markets. Thus the talk of born global companies and such was generally not so much considered to concern Japanese SMEs. It was clearly understood that this theory is not applicable in the case of Japan. This indicates that there was a certain degree of unspoken mindset that some common phenomena of SME internationalization may not be connected to Japan due to the special setting of Japan. The following quotation that presents born global companies as mostly a pattern for countries such as the Nordics that have very limited domestic markets gives a good impression on how many of the interviewees felt about Japanese SME internationalization in general;

Quotation 9

Japan is ... In the case of Scandinavia, the basis of the theory on born global companies is the small size of those markets... Japanese markets are large so there are not especially many born global companies... That's why, in Japan, when a company finds itself without customers... Really, when the customers are gone and there is no other option left, um... Going abroad, um, internationalizing is more common. (Scholar)

Lastly, when describing Japanese SME internationalization, one expert who divided the internationalization of SMEs (horizontal ties) and large companies as separate interestingly described Japanese SMEs' internationalization with Uppsala theory. As the expert compared SMEs to the rapid internationalization of large companies, the reference was most likely to the old Uppsala model that emphasizes gradual internationalization along with the growing knowledge of the market (Johansson & Vahlne 1977). Besides this explicit mention, similar view of Japanese SME internationalization as rather slow and step-by-step was evident in the consensus of born global being rare in Japan as was demonstrated above. The following is a notion on the use of the Uppsala model that was provided by a governmental organization staff member;

Quotation 10

Japanese SMEs use the so called, what was it called... Uppsala model... I have a really strong image of them advancing with that. (Organization B staff member)

As a conclusion, discussing Japanese SME internationalization often raised two issues; the lack of need for internationalization due to the large size of Japanese domestic markets, and on the other hand internationalizing only after the home markets have proven insufficient. In this case, internationalization is generally seen as a gradual process. Besides seeking for new markets, especially cost reduction was seen as a common reason for internationalization. Common draw-backs include problems with localization and finding the right partner. This part together with the previous part has now described Japanese business networks and SME internationalization separately. The following part will make a combination of these two.

4.1.3. The effect of networks to Japanese SME internationalization

When asked to describe how business networks were affecting Japanese SME internationalization, almost all of the interviewees referred to the phenomena also observed by Martin, Mitchell and Swaminathan (1995), Hatani (2009) and Guo (2012), which was discussed in the chapter 2.2.3., Japanese culture and the internationalization of Japanese SMEs in network context. This is the tendency of vertically networked Japanese SMEs to follow their large customers to foreign markets. In fact many of the interviewees referred to this as the SMEs being pulled abroad by their customer companies. As the following quotation suggests, this pattern was seen as very common;

Quotation 11

Er, with large companies, really completely, if a large company expands abroad, those SMEs that are working as suppliers or those SMEs that are getting their value for existence from business with large companies, move together (with the large company)... That kind of phenomena. Roughly, what to say, 80 percent, great deals of SMEs are dependent on large companies... (Organization C staff member)

This model of internationalization seemed to be widely known and accepted as a common fact by the interviewees. However, many of the interviewees also noted that this behavior was especially common before (some mentioned 1980s and 90s), but not necessarily so relevant nowadays, just as the whole dependency was described to have

lessened since the Lehman Shock by one of the interviewees presented before. At the same time the interviewees did however not mention much about current vertically networked SME internationalization. Almost as the whole term keiretsu, which the interviewees connected strongly to vertical ties, was perceived to be somewhat a topic of the past by all of the interviewees, many also considered this model as somewhat outdated explanation of Japanese SME internationalization.

As mentioned earlier, public support organizations were generally described as extremely important for horizontally networked companies. There are indeed various organizations in Japan that offer help for internationalizing SMEs. They were described to especially help with information gathering, concrete help in participating in foreign trade fairs or even financial support. Often mentioned relevant organizations were local support centers in each prefecture and cities, Chambers of Commerce, Industry Associations, JETRO and SME promotion agency. Thus the importance of public organizations was also widely mentioned when discussing SME internationalization. The following is a description of vertically and horizontally networked SMEs' internationalization by a Japanese SME scholar:

Quotation 12

Because of that, vertical networks, business, um, vertical business, um horizontal networks are... Anyway with vertical networks, especially electronics industry companies internationalize when getting told to do so by large companies... anyway internationalized... The other one... With horizontal networks, together with public institutes, even though they did not do internationalization activities before, well being led together with that JETRO or something, they went to trade shows, and with that started to do business with foreign companies. Or as another way, um, building an overseas base by themselves... Starting internationalization... Anyway vertical networks, vertical networks are the starting point, and lately, now these kinds of horizontal networks that you Ms. Häkälä also mentioned, one hears a lot about them.
(Scholar)

Although when describing the good points of horizontal networks some of the interviewees spoke about knowledge sharing (especially about the foreign target

country in general) and innovation together with other SMEs to be able to make attractive products for foreign markets, horizontal networks apart from public organizations were hardly mentioned to have a pulling effect for internationalization. The following is a description by a governmental organization official of how horizontal networks share knowledge. Actually rather like suggested by Zhang and Cantwell (2011), this example might indicate that the possibilities that horizontal networks offer for inter-industry research and development, horizontal networks do not offer any motivation for internationalization at least in terms of innovation. It is also interesting to note that even though he is speaking of SMEs in car industry that usually were mentioned as an example of vertical keiretsu ties; he did not use this expression about these SMEs that are working together:

Quotation 13

In XXX prefecture there are a lot of automotive parts maker companies... There is a factory of XXX automotive company... And in there, they were having talks about developing a new plastic material... with this situation, horizontal ties... They did indeed do something... In making that material... Later on the company that would actually be doing the molding also joined... There was a movement of wondering if something could be done, so in various ways that kinds of networks... I think networks are probably important (Organization B staff member)

In this way also horizontal networks were also mostly referred to as important for SMEs. They were also seen as extremely useful in the target countries of internationalization, be it risk sharing or general knowledge of the country. However there was no such a strong emphasis on how these networks themselves would cause internationalization the same way as vertical ties.

One interesting mention about the effect of the surrounding companies to SME internationalization was that according to one expert, the Japanese SMEs seem to tend to choose markets based on which areas are popular with other Japanese companies. Besides the following quotation, another expert also referred to the same phenomena with China; many SMEs seemed to go there without much thinking just because it was the place to be at one time.

Quotation 14

Really, how should I put it... It might be that it is common to start thinking about going abroad because other companies are going... I felt that kind of thing really strongly... In my previous workplace... To tell the reason, for an example when there was talk about Myanmar being good now on the television... If that kind of talk was on, I used to be in that kind of a department that gave advice on such things, people would come just for advice on Myanmar... So that kind of thing might be strong, as one way... I absolutely do not think that is all... Um, one way is, towards those areas that the other companies around are interested in... there might be a tendency to focus on those areas. Actually entering (the market) is a different story though. (Organization B staff member)

Both kinds of networks were in general seen as important in terms of SME internationalization. As this study however has a special focus on the starting point of internationalization, it is insightful to summarize the effect of the two networks to that point of time. In case of vertical networks, they were generally seen as having a strong pulling force in SME internationalization, even though there was a common consensus that this kind of SME internationalization has been weakening lately similarly to the whole relevancy of the so-called keiretsu networks. The degree to which this behavior was seen as an issue of the past did however vary between interviewees. In case of horizontal networks, various support organizations were commonly seen as the key for internationalization to start. Besides these supporting organizations however, no other effect to the actual starting point of internationalization was mentioned, even though also ties with other SMEs were commonly seen as useful after actually internationalizing to a foreign market. As this part has now presented the connection between Japanese business networks and SME internationalization, the following will make a connection of these issues to the third focal phenomena of this study, culture.

4.2. Japanese culture and Japanese SME internationalization

4.2.1. The effect of Japanese culture to the Japanese SMEs

Asking directly about the connection between Japanese SMEs and Japanese culture seemed to be, although the experts acknowledged it as very interesting, also the hardest question to answer. Maybe due to an issue with the Japanese language and the unclear phrasing of the question, a couple of the interviewees understood the question as to the relationship of physical, traditional Japanese culture such as Japanese sake making, kimono or other traditional craftsmanship industries rather than mental culture that guides business behavior, which was the original intention.

When describing Japanese SMEs as such, many of the interviewees emphasized craftsmanship. This seemed to mean especially that products are produced with superior care and technique. High class technics was mentioned by almost all of the experts as a defining factor of Japanese SMEs.

Quotation 15

But in Japan the consciousness of craftsmanship is extremely strong... Well, bit similar to German. (Scholar)

Quotation 16

Personally I think that those technologies of Japanese SMEs'... If we call them like that. They are extremely high-level. (Organization C staff member)

Another commonly described aspect of Japanese SMEs (not necessarily culture as such, even though it clearly does have a strong connection to culture) was the Japanese companies' orientation for peaceful, long-term cooperation, in short win-win (or even win-win-win) mindset. Even though these descriptions were not always given to describe Japanese culture's effect on Japanese SMEs, it often seemed just as such. The following includes an example of Japanese culture's connection to Japanese SME that was given by a consultant:

Quotation 17

And the Sanpo-yoshi (=Three good way. This refers to setting prices that are good for both the maker, seller and buyer of a product) of the Ōmi Province merchants... There is that kind of history after all... a way to keep trade successful for a long time... After all, doing so, um, win-win-win... Making sure that all three aspects are really going well after all existed in Japan... Inside that, um... A system for helping each other was made. (Consultant A)

Even though the above quotation is talking about finding suitable prices, as the consultant kindly pointed out, the sanpo-yoshi system is more than just prices. It should be understood as a way of doing business in a manner in which all parties can prosper. As stated above, the system is most likely connected to the long-term orientation and peaceful, collective mind-set of Japanese culture in general that were also mentioned in the theoretical background by Ford & Honeycutt (1992).

Language was also often mentioned not just when describing Japanese SMEs and their internationalization, also when talking about culture. Almost all of the interviewees stated that Japanese SMEs still have problems with communicating in English, even though some did give them credit for improving lately. The following is a description of the issue provided by a SME internationalization support organization staff member:

Quotation 18

Um, Japanese people have a slight complex about foreign languages, especially people working in SMEs, um, a lot of them have (that complex), but actually lately they have been making an effort and studied or something like that. (Organization C staff member)

The notice of language proficiency can probably be connected to the fact that Japanese culture and thus also Japanese SMEs are very Japan-centered. This was also evident in the way in which various experts stated that there is little need for Japanese SMEs

to internationalize, as stated in the previous parts. One expert gave a very clear example of this domestic thinking in academic world;

Quotation 19

On the contrast, for us, that, taking a Master's Degree in an American University, for an example Harvard, well, even if you go and take a Master's in Harvard, no one is going to compliment you. Probably not at all, even if you take Master's in Harvard or Oulu University. In Japan it is better to go to Tokyo University. This is after all the greatest culture... People definitely have a very domestic way of thinking. (Scholar)

To summarize, the effect of Japanese culture to SMEs was clearly a hard to grasp as a concept. Common perceptions were however high attention to detail and work quality together with a long-term win-win approach to business. The notion of Japanese culture or thinking being rather Japan-centered was also commonly accepted. The following part will now discuss how these issues affect Japanese SMEs' internationalization.

4.2.2. Japanese culture and Japanese SME internationalization

The notions of language proficiency and win-win approach were also clearly connected to internationalization. Problems with English were commonly seen as a source of not just difficulties, but an important factor to why most Japanese SMEs would not even think about going abroad. The difference in languages was also connected to the feeling of psychic distance mentioned by many. The feeling of huge cultural distance and psychic distance between Japan and even the neighboring countries was a frequent and strong theme when discussing the connection of culture and internationalization. The distance was often offered as a reason for Japanese SMEs to avoid international business if they just had the possibility to survive in Japan. The following includes example of feelings of psychic and cultural distance;

Quotation 20

With foreign countries and Japan, the greatest issue, psychic distance is the greatest issue, so... When it comes to foreign countries, the distance with foreign countries is extremely large. (Scholar)

Quotation 21

For an example, South-Korea is well, the closest, right?... Well China too, some parts are maybe close but... The language is also completely different, so it does feel distant after all... (Organization A staff member)

Connected to differences in culture, Japanese SMEs' win-win approach and willingness to trust others was also mentioned as a common failing point in internationalization. Besides getting betrayed by a foreign business partner, the difficultness of finding a partner that had a similar cooperative mind-set was described by a couple of the experts;

Quotation 22

If that is lot those kinds of organizations.... If they start to think only about themselves.... Pushing the suffering to the company below just because they don't get enough profits... In Japan, that kind of feeling (caring about each other) is still inside the Japanese DNA so... If one ignores that... I feel it will be rather difficult to do business. (Consultant A)

The positive factors of Japanese culture related to internationalization were mostly related to survival or success in the markets, not the entry-phase. This may indicate that this is one of the hardest tasks to Japanese SMEs. Aspects of Japanese culture that was mentioned to aid Japanese SMEs abroad were craftsmanship and attention to detail, which translated to high quality products and techniques, even though some of the interviewees did state that these qualities together with the Japanese often higher prices are not always appreciated, especially in other Asian countries. In case of problems caused by culture in internationalization, one can look back to the part 4.1.2., Japanese SME internationalization. In this part problems in localizing both the marketing end and human resource management were mentioned. This can also be

connected to culture, just as Nguyen, Takanashi and Aoyama (2012) did in their study in which they studied Japanese subsidiaries in Vietnam. In their study they found that a main cause for problems with technology transfer was cultural differences (Nguyen et al. 2012).

All in all regarding to the effect of culture to Japanese SME internationalization, it is interesting that while issues with the language and the feeling of huge physic distance were often mentioned, they were still not usually referred as to concrete culture-based issues with SME internationalization. Many of the interviewees actually referred, as mentioned in the previous parts, to the size of Japanese markets and how especially in the old days there was no *need* for SMEs to internationalize. The reason to or not to internationalize was also frequently seen to be a case of the surrounding society or the situation within the company rather than culture. The following is a quotation from a consultant who describes how despite all, nowadays most Japanese companies have had to internationalize to at least some degree whether willing or not, and how he sees that culture is an independent phenomena from SME internationalization;

Quotation 23

Consultant B: There may be some. That kind of companies. Because, when the Japanese economy was good, there were a lot of that kind of companies, but I don't think that can be said anymore, I think that period is over. I don't think there are a lot lately. Even those conservative companies do imports from abroad, they just do not want to expand those activities.

Interviewer: Is the tendency to not want to expand connected to Japanese culture?

Consultant B: Um, culture...No, that is surely wrong. That's not it right? It's about the companies. There is also probably the issue of financing, financing or human resources. (Consultant B)

In terms of the connection between culture and SME internationalization through networks, all in all cultural and psychic distances seem to have a key role. It was not only present in the contents of each individual's speech, but also visible in how they described the effects of culture. Those who had actual international relations in their work (like the experts who were working as international consultants) seemed to

regard much less importance in the differences between cultures than those with no regular contacts to foreign markets, such as some of the staff from Japanese SME support organizations. A good example is the above; quotation 21 is from a local SME support organization staff member, and quotation 23 from an international business consultant. This should be only natural, since the feeling of psychic distance is said to rely on the individual's experiences (Puthussery et al. 2014).

The above has presented the five main themes and the most important notions of each theme that emerged in the six expert interviews. The following and final chapter of this study will draw a conclusion on the findings by connecting the emerged themes from the interviews with the theoretical framework that was established on the basis of a literature review in chapter 2.

5. CONCLUSIONS

Firstly, the findings from the conducted expert interviews will be connected with the general theory of SME internationalization and business networks. This will provide an answer to the first sub-research question; SRQ1: How does Japanese SMEs' internationalization through network approach differ from the general body of research? The interviews suggest that culture seems to have a clear connection with both Japanese SME business networks and Japanese SME internationalization. The next part will therefore make a connection of the three and answer the second sub-research question of this study; SRQ2: How is the effect of culture to Japanese SME internationalization through network approach?

With the help of the example provided by Japanese SMEs which are compared to the previous studies that have referred to mainly western cases, the final conclusion will aim to contribute to the general body of SME internationalization through network approach. This will also answer the main research question of this study; RQ: How is the connection between culture, business networks and SME internationalization? This part will offer the theoretical contributions of this study. Furthermore also managerial contributions will be added in order to help managers in both Japan and abroad understand connection between culture, SME internationalization and business networks. Lastly also limitations and suggestions for future research will be presented.

5.1. The general theory and Japanese SME internationalization through network approach

Both the theoretical framework and interviews suggest that Japanese SME business networks can be divided into two distinctly different network types; horizontal and vertical networks. This distinction seems to be acceptable even though both the theory and interviews do contain notes of Japanese SMEs that have both vertical and horizontal networks in parallel, since these networks have distinctly different characteristics. While similarly to the existing theory vertical networks were widely understood as supplier-customer relationships in a certain industry, the horizontal networks were explained somewhat differently from the theory by the interviewees. Instead of the ownership ties mentioned in the theory (Kienzle & Shadur 1997, Zhang

& Cantwell 2011), the experts in this study saw horizontal networks more as an operational network of SMEs of equal power in a certain industry or area and almost always included the notion of supporting organizations when describing them. The interviews therefore provided additional evidence of the validity of the term vertical networks in case of Japanese SMEs, but did not do so in the case of horizontal networks. This deviation of the existing research in terms of definition is the first contribution of this study.

When it comes to the connection between networks and internationalization, the interviews seem to have provided further evidence for the existing theory. As stated in the theoretical background, there have been various studies of vertically networked Japanese SME suppliers to large Japanese companies internationalizing together with their clients to various markets such as China or USA (Mitchell & Swaminathan 1995, Hatani 2009 and Guo 2012). The interviews confirmed this pattern and all of the interviewees were unanimous of this pattern as a common fact, at least until the end of the last millennium. While this pattern was seen as somewhat dated or not as common as before, none of the interviewees described it as completely nonexistent even in the new millennium.

Despite deviation from the theory when concerning the definition of horizontal SMEs, the case of horizontal networks provided further evidence for the previous studies in terms of the internationalization behavior typical to those networks. This is especially significant, since only a very few studies have commented on horizontally networked Japanese SMEs' internationalization before. All of the interviewees did see various public organizations as very significant in Japanese horizontally networked SME internationalization, both in terms of support and acting as a pulling force. But aside from public organizations no other horizontal networks, especially those of equal SMEs, were seen as important for the starting stage of internationalization, which is the focus in this study. The horizontal networks were described as useful or helpful after locating to a new country, but no great pulling role was mentioned as was the case with vertically networked SMEs. In fact some of the interviewees provided examples of cross-industrial innovation between horizontally networked companies within Japan with no connection to internationalization, just as in the case of Zhang and Cantwell's study (2011).

Additionally, when describing any other kind of internationalization than the case of vertically networked SMEs following their large customers abroad, many interviewers also mentioned the general reluctance of SMEs for internationalization. Many mentioned that for SMEs everything needed is already existent in Japan, and thus there is no need to internationalize. This is also supporting the results of Zhang and Cantwell (2011), who state that horizontally networked Japanese SMEs have decreased motivation for internationalization due to the availability of inter-industry innovation within Japan with their networks.

Comparing the case of horizontal Japanese SME networks to the general theory for SME internationalization through networks, especially the revised Uppsala model (Johanson, & Vahlne 2009), and the conducted expert interviews and the research of Zhang and Cantwell (2011) therefore provides an interesting finding. It seems that in case of Japanese horizontally networked SMEs, the theory of networks acting as a pulling force for internationalization does not apply. Advantages of networks in the foreign market countries (especially risk-sharing) were widely accepted, supporting the notion of common network benefits provided by for an example Pittaway et al. (2004). Therefore as an example comparing also to the study of Torkkeli et al. (2012) mentioned earlier in this study, while still proving true for the part that network competence improves the success of internationalization, in case of Japanese horizontally networked SMEs, it does not seem to increase the propensity of SMEs to internationalize.

All in all in regards of the first sub-research question this study has therefore made the following set of findings that can be translated to propositions; P1a.) Networks have a strong influence on the internationalization of Japanese SMEs, P1b.) The effects of the networks, especially domestic ones, to Japanese SME internationalization vary according to different network types, and P1c.) In some cases, Japanese SME internationalization through networks behavior differs from the general patterns in the way that in case of horizontal networks, networks do not increase the propensity for internationalization for member SMEs. These propositions offer new insight to both the existing research on the connection between Japanese SME internationalization and business networks as well as the connection between SME internationalization and business networks in general.

5.2. The connection between Japanese culture and Japanese SME internationalization through network approach

Based on the previous chapter it would therefore seem that the roots of the two network types, horizontal and vertical, may lay in Japanese culture. Both the theory (Kienzle & Shadur 1997) and the interviewees described both types of networks as clearly historical; this history has formed a clear culture especially in the case of vertical networks, in which the companies were described to function according to certain patterns, for an example in case of internationalization, in which the SME is “forced” to follow its customer company abroad.

As seen in the interviews, one of the greatest aspects affecting SME internationalization is clearly motivation. It is of course rather reasonable to presume that even in general some kind of motivator is needed for an SME to internationalize; it is rarely an accident even if the effort put into the process most likely varies greatly. In the case of Japanese SME internationalization, the interviewees generously explained the motivations for internationalization; new markets and customers, following their large customers (or “being pulled by their customers” as many of the interviewees expressed the model) or seeking for cheap labor. These reasons were in line with both the theory (Mitchell & Swaminathan 1995, Hatani 2009 and Guo 2012) and statistics offered by the Organization for Small & Medium Enterprises and Regional Innovation, Japan (2014).

The notion of the collective orientation of Japanese culture, the so called “fitting in” presented among others by Saeki et al. (2014) gives an insight for the behavior mentioned in the interviews; the tendency for Japanese SMEs to consider and even enter those markets that are currently popular among other Japanese companies. Naturally as also stated in the interviews, the actual decision for internationalization is not just dependent on what other companies are doing, but following the general trends is a common starting point for considering possible internationalization. The interviews thus provided support for Saeki et al.’s (2014) findings.

However, also in line with the theory, the interviewees often mentioned the lack of motivation for Japanese SMEs in general for internationalization. The interviewees did

especially mention the vertically networked SMEs that were “forced” to follow their customers, but it also included Japanese SMEs in general. Japanese SMEs were stated to have trouble with foreign languages, and even the closest neighboring foreign markets seemed to include besides physical, also great cultural distance. The issue of cultural and psychic distance was also frequently mentioned as a reason for Japanese SMEs to lack motivation to internationalize. This is in line with Zanger et al. (2008), who state that perceived psychic distance has a negative effect on SME entrepreneurs’ motivation for internationalization.

Therefore the interviewees saw no great motivation for Japanese SMEs to fight the obstacles felt in the internationalization process unless the domestic networks, in other words often demand has proven insufficient (or in the case of vertical keiretsu they are pulled abroad by their parent). Furthermore, since the Japanese domestic markets and number of companies are so large on their own, many of the interviewed experts mentioned that there is (or at least used to be until before the new millennium) no need for many Japanese SMEs to internationalize. When connecting this with the mention of Japan-centered thinking being dominant in Japan (which is surely fair to suggest to manifest also in the form of problems with foreign languages), it becomes clear that going international is not commonly the first issue for Japanese SMEs.

The tendency for Japanese companies in general to prefer working with other Japanese companies has also been observed by Slater and Robson (2010), and the feeling among Japanese SMEs that internationalization is not needed was also evident in Todo and Saoto’s (2014) data. Naturally as also the study of Aoyama (2009) points out, this is surely not the case for all Japanese SMEs, as in her study low motivation for growth was only evident in the case of traditionally set companies. While the reluctance to internationalize without a clear need is most likely natural to SMEs in any countries with substantial home markets (this was fairly pointed out by one of the interviewees), the level of reluctance seems to be rather great in case of Japanese SMEs.

Just as Aoyama (2009) states that the growth orientation of Japanese SMEs depends on the company (traditional companies being less growth-oriented), so did a few experts also describe the internationalization decision of Japanese SMEs as a voluntary seek for growth in new markets even in situations in which the domestic market is

enough to keep the company alive. This may lead to a similar conclusion as that of Todo and Sato (2014), who see that the propensity for Japanese SME internationalization is mostly dependent on the mind-set of the entrepreneur. On the other hand there is the above mentioned study of Slater & Robson (2010) who found that due to cultural issues, Japanese companies seem to favor working with other Japanese, only seeking for foreign partners when no other option is left.

According to both the theory and interviews, motivation is therefore clearly a key factor in Japanese SME internationalization. In most cases the issue seems to be the lack of motivation, which in case of horizontal networks is not followed by an absolute need to follow a customer abroad as it is or at least used to be in the case of vertical keiretsu. The main interest is thus what is the origin for the lack of motivation? According to Todo and Sato (2014) it could be said to be the personal mind-set of the entrepreneur, which was also mentioned by many of the interviewees. This is also connected to the issue of how perceived psychic distance lessens motivation for internationalization (Zanger et al. 2008). Combining Slater and Robson (2010) with Aoyama (2009) would also suggest that especially traditional Japanese mind-set in business would decrease the willingness to grow and especially to work with foreign partners, suggesting a connection to psychic distance.

The interviewees also generally described the lack of motivation to internationalize and brought up the issue of psychic and cultural distance. The degree of willingness to connect this to culture as such however varied greatly from those mentioning the tendency of Japan-centered thinking and huge cultural distance to even the closest neighboring countries to one expert who saw the lack of motivation as purely physical such as financing and other lacking resources. In general none of the interviewees

It should thus be concluded that there seems to be a certain feeling of uniqueness in Japanese culture, which makes one feel great psychic difference with other countries. Since none of the interviewees however mentioned cultural differences as causes of actual problems in internationalization, it is most likely only a factor affecting the motivation for an SME to start its' internationalization. In case of the close network ties of vertical keiretsu this lack of motivation can clearly be overcome. Horizontal ties however were considered as significantly looser by the interviewees, and the networks

do not seem to offer as clear an extra motivation for starting internationalization, even though they do work in the benefit of those SMEs that actually make the decision. While this can be concluded, it is also clear that it does not affect all SMEs, and not every entrepreneur is experiencing a level of psychic distance that hinders their motivation to internationalize regardless of their network types.

In short, however, this chapter has given the answer to the second sub-research question, SRQ2: How is the effect of culture to Japanese SME internationalization through network approach? These findings can also be presented in the form of the following propositions; P2a.) Psychic distance seems to lessen Japanese SME motivation to internationalize. P2b.) In case of Japanese vertical networks, the strong network ties revoke the effect of psychic distance. P2c.) In case of Japanese horizontal networks a strong pulling factor for internationalization does not exist, and therefore psychic distance has a stronger influence.

5.3. Theoretical implications; the effect of business networks to SME internationalization in different cultural contexts

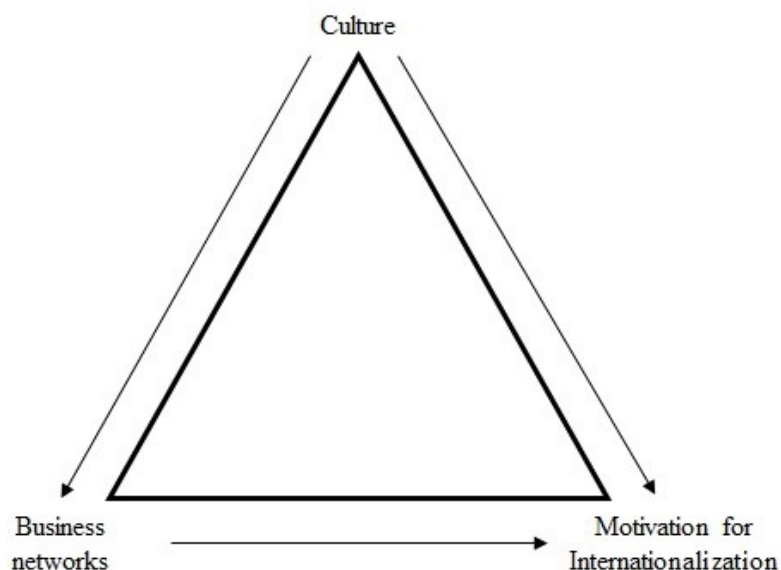
As the previous two chapters show, Japanese horizontal business networks seem to not offer incentives for starting internationalization, but rather lessen the motivation of an SME to internationalize. This is clearly different from the general understanding, according to which business networks are generally the pulling force for SME internationalization (Ellis 2000, Johansson & Vahlne 2009 and Torkeli et al. 2012). Other benefits of horizontal networks in internationalization are however similar to those in the general theory. As mentioned, the main reason for the different effect of Japanese horizontally networked SMEs is motivation, caused by Japanese domestic market size and the feeling of psychic distance before actual internationalization has been started. This thus gives evidence for the following proposition; P3.) Japanese culture, specifically psychic distance, can be seen as one of the reasons for the differences in Japanese SME internationalization through networks when compared to the general theory.

The previously presented propositions of this study can thus be summarized in two; 1) In case of Japanese horizontally networked SMEs, networks do not seem to act as a

pulling force for the start of internationalization, and 2) At least in the case of Japanese SMEs, culture does seem to have an effect on internationalization through networks. In case of Japan this connection between culture and SME internationalization seems creates a certain degree of lack of motivation for internationalization, and seems to be at least partly caused by feeling of psychic distance between Japan and other countries. The connection of culture and the two different kinds of business networks also differ; vertical networks revoke the negative impact of psychic distance to internationalization, whereas horizontal networks do not.

The following figure, Figure 2, the connection between Japanese culture, business networks and SME internationalization, gives a conclusion of the connection between culture, business networks and SME internationalization in the case of Japanese SMEs. As the figure shows, there is a connection between all three phenomena. The arrows indicate the direction in which the issues are relevant to each other. Culture has an effect on both Japanese business networks and SME internationalization, and Japanese business networks on their turn have an effect to SME internationalization while both phenomena are simultaneously connected to Japanese culture.

Figure 2. The connection between Japanese culture, business networks and SME internationalization.



This study therefore makes the following implication for general theory and answer for the research question of this study: P4.) Culture seems to have a strong connection with both business networks and SME internationalization, and this connection varies according to the focal culture. This has been studied with the case of Japan presented above. It is possible that this applies also to some other countries and types of networks that have not been studied before. Due to the small sample size of this study, the degree of the importance of the issue varied rather greatly between the interviewees and further empiric studies are thus needed. Since a country is however always inseparable of culture, and the Japanese business network structure is at least partly clearly cultural, it shows that the connections are deprived on culture.

5.4. Managerial implications

The findings of this study indicate that the connection between business networks and SME internationalization change according to focal culture. This results into some managerial concerns. First of all, this study has shown that horizontally networked Japanese SMEs have a decreased motivation for starting internationalization, and feeling of psychic distance is one of the factors for this lack of interest. Realizing this will help both foreign and Japanese managers; for foreign managers seeking partnerships with Japanese SMEs just knowledge of this feeling of difficulty can help in shaping ones ways of approaching Japanese partners. For the Japanese side, especially the help and information provided by public organizations also mentioned by the interviewees seems a key in international expansion, since experience is generally seen as something that helps to form a realistic view on psychic distance (Virvilaite & Seinauskiene 2013 and Puthusserry et al. 2014).

Furthermore the notion of the experts that cultural differences do not tend to cause actual trouble in communication after the first steps are taken can encourage Japanese SME managers. Psychic distance is after all an individual perception of the cultural reality, not the truth. While this is said, it is worth mentioning that a common failure point of Japanese SMEs in abroad mentioned by the interviewees was failure of adjusting to local working styles, so this should also be considered by Japanese SME managers; culture is not to be forgotten although differences should not be feared.

Perhaps the main managerial implication of this study is thus very simple; managers should not be too trusting on any universally applicable theories, but consider if the studies have been done in a variety of different setting. Especially considering the issue of cultural distance is valuable. In case of networks, which are in the very end human relations, culture can have an important effect on how the other companies are behaving. As in this study, this does not mean that all of the general theories are completely inapplicable to any other culture than their original data, but that there may be slight changes depending on the context. Managers are advised to keep this in mind while pursuing their international expansion with an open mind, being aware of but not afraid of cultural distance.

5.5.Limitations and suggestions

5.5.1 Limitations of the research

The main problem of this study is the small sample size. Even though the employed qualitative method is not generally meant for great amounts of samples, time and resource constrains made the sample smaller than it could have been. However, even though there were some opinions expressed only by single interviewees, generally the interviews did have a clear saturation of new themes after the third interview. The method of choosing the sample could also have included a wider search out of possible interviewees, but this limited search was mainly caused by restrains in time and connection points. The limitation caused by the small sample size and limited search for interviewees has however been taken into consideration when forming the Table 2., Qualities to be fulfilled by interviewees. Each candidate was first compared to this pre-set criterion before initial contact. The limited sample size suggests that while this study makes a theoretical implication, the results cannot be generalized to different countries. The case of Japan should also be studied further with a wider sample.

One limitation of this study is the fact that the interviews have been conducted in Japanese language, which was a first language for the interviewees but a third language for the researcher. The issue of language also poses challenges for the literature review, since a great amount of research on Japanese SMEs has been published only in Japanese language, and has not been reviewed for this study. Using interviews on the

subject with actual Japanese expert was however a way of checking if the findings of the few available studies on the subject in English are valid.

The third concern of this study is the cultural background of the researcher. As discussed in the introduction, Ailon's (2008) research demonstrates how even the studies of Hofstede are actually affected by the cultural background of the researcher himself. Considering this inability to grasp a foreign culture without involving meanings from ones' own culture was thus one of the main reasons for using a semi-structured interview as a method. This was done in hopes to let the interviewees, all Japanese nationals, to express their own views of their culture with as little interfering as possible by the researcher's cultural background.

5.5.2. Suggestions for future research

This study has given strong validation on Zhang & Cantwell's (2011) findings that horizontal network ties lessen Japanese SMEs motivation to internationalize. Feeling of cultural distance has been identified as an important factor for this lack of motivation to at least some degree, but more empiric research should be done to both confirm this degree of importance and find other possible reasons. This study has formed four propositions based on its results, and these propositions could be used as the basis of the following research. For clarity, the propositions are combined in the bellow;

P1a.) Networks have a strong influence on the internationalization of Japanese SMEs.

P1b.) The effects of the networks, especially domestic ones, to Japanese SME internationalization vary according to different network types

P1c.) In some cases, Japanese SME internationalization through networks behavior differs from the general patterns in the way that in case of horizontal networks, networks do not increase the propensity for internationalization for member SMEs.

P2a.) Psychic distance seems to lessen Japanese SME motivation to internationalize.

P2b.) In case of Japanese vertical networks, the strong network ties revoke the effect of psychic distance.

P2c.) In case of Japanese horizontal networks a strong pulling factor for internationalization does not exist, and therefore psychic distance has a stronger influence.

P3.) Japanese culture, specifically psychic distance, can be seen as one of the reasons for the differences in Japanese SME internationalization through networks when compared to the general theory.

P4.) Culture seems to have a strong connection with both business networks and SME internationalization, and this connection varies according to the focal culture.

To test these propositions, the new empiric study should involve a significantly larger sample size, and preferably also direct interviews with SME entrepreneurs. An empiric research combining both a large pool of questionnaires complimented by a larger number of interviews should be undertaken to gain a relevant sample size. To address issues with language and culture, forming a multicultural research team should be useful (Ailon 2008).

Another main theoretical implication of this research that the connection between culture, business networks and SME internationalization varies depending on culture, should also be studied further. Besides further research in the case of Japan, similar studies should be undertaken in other countries, particularly those that have not been considered earlier through the internationalization through business networks approach. In this case, the propositions connected to Japan should be altered accordingly. This would be important for developing the general theory to be more sensitive on the connection of culture to business networks and SME internationalization. This can lead to a more comprehensive and applicable understanding of the phenomena.

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APPENDIX

Often mentioned prompts with each interview question

1. Please describe the Japanese SMEs' and their special points
 - a. Business relationships
 - b. Entrepreneurs
 - c. Size
 - d. Supplier-customer relationships
2. Please describe Japanese SME business networks
 - a. Are networks important and how?
 - b. How and what kinds of networks are Japanese SMEs forming?
 - c. Influence of networks to SMEs such as benefits and restraints
3. Please describe the internationalization of Japanese SME's in general
 - a. How and when does internationalization process usually start?
 - b. The kind of support needed
 - c. Importance of networks
4. Please describe special points about Japanese SME's internationalization
 - a. Compared to other countries
 - b. Target countries and areas
 - c. Common success and failure points of Japanese SMEs
5. Please describe the relationship of Japanese culture and Japanese SMEs
 - a. Does culture affect internationalization?
 - b. Culture's effect on networks and how they are created
 - c. How does the Japanese culture show in doing business in both Japan and abroad?

Quotations from the interviews; translations and originals

Quotation 1

Expert (Organization B staff member): Ties between companies are naturally the foundation of business, so I do think that they are important

Interviewer: Yes

Expert: But if we talk about keiretsu that we just discussed, I think that most of the connections are vertical

Interviewer: Yes

Expert: And of course on the horizontal level, something like unions, um, there is the topic of associations and such, and also

Interviewer: Yes

Expert: Chamber of Commerce

B | 企業の繋がりはもちろん取引関係のあのなので重要なんだと思います

い | はい

B | けどそのさっきの系列の話とかで言えば、ま、縦の繋がりのが多くなるのかなっというふうに思います

い | はい

B | あとは、当然横でも、組合みたいな、あの、Associationの話とか後は

い | はい

B | 商工会議所

Quotation 2

Expert(Organization C staff member): Japanese SMEs, when discussing them from the network point-of-view,

Interviewer: Yes

Expert: there are those SMEs that are tightly connected to large companies and those that move only with other SMEs

Interviewer: Yes

Expert: I think they can be divided into those two

C | 日本の中小企業は、その一つのネットワークっと言う議付けからすると、
大企業に

い | はい

C | ぐつつけている中小企業と、中小企業だけで、同士に動いているっという

い | はい

C | そういう二つに分けられると思います

Quotation 3

Expert(Organization C staff member): I guess there are people like that (who work mainly only with parent companies or keiretsu). Those that only work with their parent companies. But I wonder how it is after the Lehman Shock.

Interviewer: Yes

Expert: Everyone had to start searching... Um, for an example, for some companies 80 percent of their work used to be from their parent company. At least for the most part, right?

Interviewer: Yes

Expert: The parent companies' business got bad because of the Lehman Shock, so 80 percent of the work would disappear, right.

Interviewer: Yes

Expert: I get the feeling that they are looking for a way to be independent. I am not sure if there are still some companies just working 100 percent for their parent companies, but I feel there are very few.

Interviewer: So do you feel in contrast that working without any large clients, well, with each other, other SMEs has pretty much... Increased?

Expert: I do feel that working just with other SMEs has lately, maybe for the past few years, has increased.

Interviewer: Yes

Expert: With just that it is also extremely hard, severe.

A | そう言う人達はいると思うんです。親会社の仕事だけやっている。でも
どうだろう、Lehman Shock 以降は

い | はい

A | 皆探さないといけなくなっちゃって。。。あの、親会社に例えば今まで
八割が親会社の仕事。ほとんどですよ

い | はい

A | 親会社が Lehman shock で経営が悪くなっちゃって、八割がなくなっちゃ
うわけですよ。

い | はい

A | なので Lehman shock 以降は親会社頼ってた中小企業も、親会社しかやっ
てなかった、親会社の仕事してなかった企業

い | はい

A | 自活のみ、っていうか自立の道を探しているんじゃないかなっていう気
はしますけどね。100パーセント親会社しかやっていませんっていう企
業は未だにいるのかちょっと分からないですけど、極みで少ないかなって気
はします。

い | って逆にそういう。。。あまり大きいお客さんがいないけど、ま、お互
いの、中小企業同士で、同士だけでやっている会社も結構。。。増えてるで
すか？

A | 中小企業同士で、だけでやっているのは最近、多分、最近っていうか、
ここも何年か増えてきているっていう感じだと思うので。。。

い | はい

A | そこだけって言うのもかなりきついし、厳しい

Quotation 4

Expert(Organization C staff member): Well, especially those that are dependent on large companies or, that kind of places, if they can successfully gain intelligence from the large company

Interviewer: Yes

Expert: and use it well, it's all good but... Well, it might not be so common but if the large company were to turn its back for some reason. If the friendship were to broke, the SME would be out for a lifetime. Because there is that kind of danger within large companies.

C | ま、特にま、大企業に裏下がってるって言うか、と言うところは大企業の情報を美味くもらってますね

い | はい

C | やっていけば良いんでしょうけども。。。ま、あまり大きくそういうではないかもしれませんが、大企業が肩を向いちゃったりしたら、何ってですか。友だ割りで中小企業もう一生アウトなっちゃう。そういう危険が大企業の中であるので

Quotation 5

Expert(Consultant B): Since it is possible to go, quite many are doing it by themselves. Well, we call it direct trading, it is increasing lately. In that kind of times, for support there is, well, JETRO is just doing exports, but... JETRO, also MIPRO...

Interviewer: Yes

Expert: They give support, even though MIPRO is small. Also the SME Promotion Agency I just mentioned and... There are those SME somethings. Or lately, um, prefectures, prefectures

Interviewer: Ah, yes

Expert: The local, local government and such, that kind of places really do those kinds of support.

B | もうどんどん行けるから、結構自分のところでやっちゃう。あの、僕ら Direct trading, 直貿なんて言うんだけど、それは増えてますよね。ってそう言う時にあのサポートをしてくれるのは、ま、今は JETRO は輸出ばかりだけだね。JETRO, MIPRO なんかも。。。

い | はい

B | サポートしているし、MIPRO 小さいけどね。後先言った中小企業振興公社とか。。。SME なんつとかはあいますよね。あるいは今最近ではあの、県、県

い | あ、はい

B | 地方の Local government なんか、そういった非常に、そう言ったサポートはしてますね。

Quotation 6

Expert(Consultant B): In there, the person making the bowl and the person painting it, that job is highly divided. I think that the long run of that is Japan's, what to say, origin of industries.

Interviewer: Yes

Expert: It could be called culture... So because of that, that kind of a thing and the so called parent and Daughter Company positioning and the relationship between those

craftsmen... For an example part maker or parts suppliers' ties are extremely strong I think.

B | あの、輪島塗なんって、知ってるかもしれないけど、輪島塗ってのはその、あの、陶器のはチャイナって言うけども、あの、振るし塗りってのはジャパン、ジャパニーズだからジャパンで、でそこなんかもおわんを作る人、塗る人とかさ、物を凄く細かく分かれているね。それがずっと一貫して、流れているのが日本の、なんっていうんだろう、工業の原点だと思うね。

い | はい

B | カルチャーっと言うか。。。だからその、そういった物っというのはいわゆる親会社と子会社っと言う立場と、それか物を造る間のその、例えば、パーツを作る人とか、パーツを、部品を供給する人とかって言ったような繋がりが物凄くあの、強いと思うんだけど。

Quotation 7

Expert(Organization A staff member): Because of that, the aspect called cost reduction, about foreign sales channels, the Japanese demand is shrinking so, um, one point is that there is no other option than to go abroad, but

Interviewer: Yes

Expert: another one is the people who are seeking for places to reduce costs.

A | なのでそのコスト削減っていうとこ、その海外販路って、日本の需要が今縮小して来ているから、あの、海外でなくちゃいけないっていう所は一つあるんですけども

い | はい

A | もう一つコストを策伝はかるっていう所を求めている人達

Quotation 8

Interviewer: Also, um, what are things that often go well or badly when going abroad?
It's okay if it is some example that you have seen, Mr. X

Expert(Scholar): Definitely the way of using the foreign human resources. I think this is difficult. There is no way it will go as in Japan. In any country. If you go on and do things like that, the people will not follow you. I hear a lot of that kinds of stories.

い | 後、えっと、よく海外に行く時にま、よくある失敗とか結構うまく出来
ているって言う事は、どう言う事かな？これはま、芝田さんが見た事ある、
ま例っとかでも良いんですけど

Scholar | やっぱりその人材の使い方、海外なの。これが難しいと思うよね。

日本的にこう、いくわけないです。どの国行っても。それでもってやっちゃ
うと、中々その人が付いて来ない。なんって言う話はよく聞くよね。

Quotation 9

Expert(Scholar): Japan is... In the case of Scandinavia, the basis of the theory on born
global companies is the small size of those markets

Interviewer: Right

Expert: Japanese markets are large so there are not especially many born global
companies.

Interviewer: Yes

Expert: That's why, in Japan, when a company finds itself without customers... Really,
when the customers are gone and there is no other option left, um... Going abroad, um,
internationalizing is more common.

Scholar | 日本は。。。スカンデナヴィアの場合は、その Born global の議論は、
マーケットが小さいわけよね

い | そうですね

Scholar | 日本マーケットでつかいだから。。。得に Born global はあまりいな

い

い | はい

Scholar | だから、日本はお客さんが居なくなっちゃった時に。。。だからもうお客さんが居なくなってしまうって、どうしようもなくなったっという時に、えっと。。。海外に、えっと国際化をするって言う方が多い。

Quotation 10

Expert(Organization C staff member): Er, with large companies, really completely, if a large company expands abroad, those SMEs that are working as suppliers or those SMEs that are getting their value for existence from business with large companies, move together (with the large company)

Interviewer: Yes

Expert: That kind of phenomena. Roughly, what to say, 80 percent, great deals of SMEs are dependent on large companies...

C | え、大企業の方はもう、完全にですね、大企業が例えば海外に進出すると、下請け的な事業であるとか、大企業との取引であの存在価値にしている中小企業は一緒に行動すると

い | はい

C | っという事。大体、同なんですかね、8割ぐらいは大企業に裏下がってる中小企業多いかなと言う。。。。

Quotation 11

Expert(Scholar): Because of that vertical networks, business, um, vertical business, um horizontal networks are... Anyway with vertical networks, especially electronics industry companies internationalize when getting told to do so by large companies... anyway internationalized.

Interviewer: I have read that kind of studies.

Expert: The other one... With horizontal networks, together with public institutes, even though they did not do internationalization activities before, well being led together with that JETRO or something they went to trade shows, and with that started to do business with foreign companies. Or as another way, um, building an overseas base by themselves...

Interviewer: Yes

Expert: Starting internationalization... Anyway vertical networks, vertical networks are the starting point, and lately, now these kinds of horizontal networks that you miss Häkälä also mentioned, one hears a lot about them.

Scholar | それによって Vertical なネットワーク、ビジネス、あの、Vertical のビジネス、あの Horizontal のネットワークは。。。兎に角 Vertical なネットワークで、その得に電気系の企業っていうのは、大企業から言われて、国際化。。。兎に角国際化をした

い | そういう論文は結構読んだ事あります。

Scholar | もう一つ。。。この Horizontal なネットワークで、Public institute と一緒に、今まで国際化していなかった企業が、まその JETRO とか連れられて展示会とかに行つて、それで海外の企業と取引をしたつという。もしくは、自分達で、えっと、自分達で海外にオーバーシーベースが作つて。。。

い | はい

Scholar | 国際化をし始める。。。つて、兎に角 Vertical なネットワークが、Vertical のネットワークが、切っ掛けになり、最近だと、今ハカラさんが言っ

てるような、Horizontal のビジネスネットワークっていうが、強く、こう、聞いてくる。

Quotation 12

Expert (Organization B staff member): In XXX prefecture there are a lot of automotive parts maker companies

Interviewer: Yes

Expert: There is a factory of XXX automotive company

Interviewer: Yes

Expert: And in there, they were having talks about developing a new plastic material

Interviewer: Yes

Expert: ...with this situation, horizontal ties

Interviewer: Yes

Expert: They did indeed do something... In making that material

Interviewer: Yes

Expert: Later on the company that would actually be doing the molding also joined.

Interviewer: Yes

Expert: There was a movement of wondering if something could be done, so in various ways that kinds of networks

Interviewer: Right

Expert: I think networks are probably important

B | XXX 県って自動車の部品メーカー結構ある

い | はい

B | XXX の工場がある

い | あ、はい

B | でそこが新しいこう、プラスチック素材を開発しようっていう話が

い | はい

B | があって、その時は横で繋がって

い | はい

B | なんかやりましたよね。。。あの大学のそのご研究機関とか

い | はい

B | あとは。。。その素材を造るところとか

い | はい

B | あとは実際にプラスチックを成型する会社と一緒にあって

い | はい

B | なんかできないかなっていう動きがあったのでやっぱそういうネットワーク、様々の意味で

い | そうですね

B | ネットワークってのは大事なんじゃないかな

Quotation 13

Expert(Organization B staff member): Japanese SMEs use the so called, what was it called... Uppsala model

Interviewer: Yes

Expert: I have a really strong image of them advancing with that.

B | 日本の企業っていわゆるその、何って言うんでしょう。。。Uppsala model って言う

い | はい

B | あれで進出するイメージが凄く強いですよ。

Quotation 14

Expert(Organization B staff member): Really, how should I put it... It might be that it is common to start thinking about going abroad because other companies are going.

Interviewer: Yes

Expert: I felt that kind of thing really strongly

Interviewer: Yes

Expert: In my previous workplace

Interviewer: Yes

Expert: To tell the reason, for an example when there was talk about Myanmar being good now on the television...

Interviewer: Yes

Expert: If that kind of talk is on, I used to be in that kind of a department that gave advice on such things, people would come just for advice on Myanmar...

Interviewer: Really?

Expert: So that kind of thing might be strong, as one way.

Interviewer: Yes

Expert: I absolutely do not think that is all

Interviewer: Yes

Expert: Um, one way is, towards those areas that the other companies around are interested in...

Interviewer: Yes

Expert: there might be a tendency to focus on those areas. Actually entering (the market) is a different story though.

B | 凄く、何って言うんでしょう。。。他の企業は海外出たから出ようかなっていうのが多いんじゃないかな。

い | はい

B | って言うのを凄く感じました。

い | はい

B | 前の職場で。

い | はい

B | なぜかっというと、例えばテレビでミャンマーが今いいですよとか

い | はい

B | いう話があると、そういう相談を受ける部署に居ったんですけど、ミャンマーの相談ばかりくるんですよ。。。

い | そうですか

B | なのでやっぱりそういうのは強いんじゃないかな、一つとして。

い | はい

B | それは全部じゃないと思うです、あくまでも

い | はい

B | あの、一つは、そういう周りが興味ある所に対して

い | はい

B | そこに注目するって言うのはあるかも。それは出るか出ないが別だと思
うんですけども

Quotation 15

Expert (Scholar): But in Japan the consciousness of craftsmanship is extremely strong... Well, bit similar to German.

Scholar | でも日本人の Craftsman っていう意識がすごく強い。。。ま、ドイツも似ているだと

Quotation 16

Expert(Organization C staff member): Personally I think that those technologies of Japanese SMEs'

Interviewer: Yes

Expert: if we call them like that. They are extremely high-level.

C | 私個人は日本の中小企業のその技術

い | はい

C | って言いましょうか。それがかなりレベルは高くてですね

Quotation 17

Expert(Consultant A): And the Sanpo-yoshi (=Three good way. This refers to setting prices that are good for both the maker, seller and buyer of a product) of the Ōmi Province merchants

....

Expert: There is that kind of history after all

Interviewer: Yes

Expert: ...a way to keep trade successful for a long time

Interviewer: Yes

Expert: ...After all, doing so, um, win-win-win... Making sure that all three aspects are really going well after all existed in Japan... Inside that, um... A system for helping each other was made.

A | ってその近江の商人の三方良し

い | はい

A | 調べてみるといいと思うんですけど。。。

い | はい、調べてみます。

A | そういう歴史がやっぱりあるんですね。

い | はい

A | ってその商売を長く成功させるコースっていうのが、

い | はい

A | やっぱそうやって、あの、Win - Win - Win。。。三つが本当にこう美味く行くような方向っていうのがやっぱり日本の中にあっただの。。。そういう中で、えっと。。。助け合いのシステムを作ってきた。

Quotation 18

Expert(Organization C staff member): Um, Japanese people have a slight complex about foreign languages, especially people working in SMEs, um, a lot of them have (that complex), but actually lately they have been making an effort and studied or something like that

C | あの、日本の人は語学で若干 Complex を持って、特に中小企業の方々は、あの、持ってる人多いですけれども、最近はね、努力をしてですね、結構勉強をしたりしてとか

Quotation 19

Expert(Scholar): On the contrast, for us, that, taking a Master's Degree in an American University, for an example Harvard, well, even if you go and take a Master's in Harvard, no one is going to compliment you. Probably not at all, even if you take Master's in Harvard or Oulu University. In Japan it is better to go to Tokyo University. This is after all the greatest culture... People definitely have a very domestic way of thinking.

Scholar | ところが、我々って、その、アメリカの大学でマスター、例えば Harvard のマスター行っても、あの、Harward でマスター行っても、全然誰も褒めてくれないんですよ。Harward でマスターをとっても、オウル大学でも、多分全然。日本だと東大に出る方が良いわけですよ。これがやっぱり最大の文化で、それはやっぱり。。。かなりドメスチックな思考をするですね

Quotation 20

Expert(Scholar): With foreign countries and Japan, the greatest issue, psychic distance is the greatest issue, so... When it comes to foreign countries, the distance with foreign countries is extremely large.

Scholar | 海外日本って一番大きいっていうのは、あの、Physic distanceが一番大きいので。。。で、海外によける、海外に対する離間って、凄い大きいので。。。

Quotation 21

Expert(Organization A staff member): For an example, South-Korea is well, the closest, right?

Interviewer: Yes

Expert: Well China too, some parts are maybe close but... The language is also completely different, so it does feel distant after all...

A | ちょっと例えば韓国って一番ま、近いじゃないですか

い | はい

A | 中国も近いところは近いかなと思うんですけど。。。言葉も全然違いますし、やっぱり遠いな。。。

Quotation 22

Expert(Consultant A): If that is lot those kinds of organizations.... If they start to think only about themselves.... Pushing the suffering to the company below just because they don't get enough profits

Interviewer: Yes

Expert: In Japan, that kind of feeling (caring about each other) is still inside the Japanese DNA so

Interviewer: Yes

Expert: If one ignores that

Interviewer: Yes

Expert: I feel it will be rather difficult to do business.

A | それがなくなるとそういう組織がこういう成り立じゃ。。。こう自分が
ってになって、その。。。自分の会社が儲かってないから、あの下の会社が
苦勞して

い | はい

A | あのするっとそういうコースになってきかったのでその組織が成り立た
なくなっちゃったんですけれども

い | はい

A | 日本の DNA の中にはやっぱりそういう気持ちってというのが、あの、残っ
ているので

い | はい

A | そこを無視されると

い | はい

A | あの、中々商売ってやりにくいのかなって感じがしますね

Quotation 23

Expert(Consultant B): There may be some. That kind of companies. Because, when the Japanese economy was good, there were a lot of that kind of companies, but I don't think that can be said anymore, I think that period is over. I don't think there are a lot

lately. Even those conservative companies do imports from abroad, they just do not want to expand those activities.

Interviewer: Is the tendency to not want to expand connected to Japanese culture?

Expert: Um, culture?

Interviewer: like (culture)

Expert: No, that is surely wrong. That's not it right? It's about the companies. There is also probably the issue of financing, financing or human resources.

B | あるかもしれないね。そう言う会社もね。それはだから、日本の経済良い時はそう言う会社とても多かったけど、今はそう言う事を言ってもらえないし、その時代もなくなっているから。最近はあまりないと思うけどね。先言ったコンサーバチヴな会社でもやっぱり海外から輸入はしているし、ただそれエクスパンドしようと思ったような気持ちはあまりないよね。

い | あ、それはあまりエクスパンドしようと思わないって言う事は日本の文化的なんですか？

B | うん、日本の文化？

い | 的なんですか？

B | でないだろう、違うだろうね。違うでしょうね。会社のだろうね。資金もあるかもしれないし、資金だとかね、人材もあるかもしれないよね。