

Introduction

This special issue proposes a triangular model to study the internationalization strategies among Asian small and medium-size enterprises (SMEs). Four papers and a business report on the subject were selected from papers presented at the international workshop on *Global Economics and the SME Business Environment in East and Southeast Asia: Opportunities and Constraints* at the Copenhagen Business School on the 30th of September and 1st of October 2010. The workshop was co-hosted by the Asia Research Centre, Copenhagen Business School and the School of Social Sciences, Universiti Sains Malaysia.

During the last six decades the global economy has changed dramatically, from being a bipolar structured economy that was defined along a centre-periphery matrix towards a multipolar structure that consists of constantly shifting centres of capital accumulation. This change in the global economy has resulted in an increasing economic complexity as well as in intensifying competition among the main players in this new economic order, especially the multinational companies (MNCs). In order to deal with this economic multipolarity, several approaches have been developed. For example, when discussing the internationalization of businesses in the current global economy, there are two main approaches that researchers can employ. The first one is a firm-specific approach. This implies that the point of view in an analysis is taken in the firm after it has decided to enter a foreign market. Here an international business approach has several models to offer. The most important ones are the Uppsala Model by Johanson and Vahlne (2009), Dunning and Lundan's (2009) Elective Paradigm (OLI) and Barney's (1991) Resource Based View (RBV), just to mention a few. The different approaches towards a firm's internationalization strategy is generally combined with more generic models of how to 'read' the international market per se as well as how to 'read' the individual national market so as to be able to specify the societal context in which the internationalizing firm has to navigate. Here the most-used models are an institutional theoretical approach as developed by North (1991), Peng (2002), and Scott (2008), sometimes supplemented with either Porter's Five Forces or his Diamond model (Porter 1990, 2008). When combining firm-specific and more generic market approaches it is then possible to develop a holistic business strategy for how to enter a specific market thus making the internationalization process more predictable and smooth, that is, minimizing the risks that this process entails.

However, one of the limitations of the approaches mentioned above is that they mainly address MNCs and not small and medium-size enterprises that constitute the main focus of this special issue. This means that our general understanding of a firm's internationalization process is more or less only covering a certain type and size of company, namely MNCs, thus automatically leaving out SMEs. The reason for this might be that the latter do not have the same kind of resources or managerial skills needed to engage in these activities as the MNCs have. Due to this, SMEs are below the radar screen of the above-mentioned economic models. In this sense, we are back to square one when it comes to analyzing the SMEs' ability to internationalize, as the 'normal' models for monitoring these activities are not tuned in on this type of company, only MNCs.

Furthermore, few of the above-mentioned international business models engage the question of societal embeddedness. This refers to the notion that economies do not operate in a social vacuum but are always deeply embedded in a given social context (Granovetter 1985), a context that only institutional theory, in a more or less superficial manner, is dealing with. When addressing the internationalization possibilities and strategies of SMEs it is of the utmost importance to take precisely this dimension into account, as most SMEs either depend on their own scarce resources or they must rely on more or less pertinent policy-oriented government funds to try their hand in the global market.

To make up for this theoretical deficiency in terms of theorizing SMEs' internationalization strategies and stressing the importance of including the dimension of societal embeddedness in relation to economic theory, this special issue aims to introduce a particular approach. This approach has the capability of focusing on and thus predicting what kinds of markets and societal conditions need to be in place before an SME will be able to engage itself in the international market.

Before going further into this discussion, we find it important to qualify what we mean by 'market' in this context. According to our understanding, it is becoming more difficult to distinguish between an international and a local market, as the two are to a large extent becoming more integrated and interconnected and thus more difficult to disentangle for analytical purposes. Actually, there is a term that covers this integrated and interconnected state of being, namely 'glocalization', which stresses the interdependencies and thus increasing complexity of the global-as-local type of market. In order to deal with this state of the current market, this special issue introduces an analytical approach

based on triangulation. The basic idea behind a triangular approach is that the researcher identifies three fixed points.

A pertinent example of this is the relationship between economic globalization, national political economic imperatives and a given societal context in which the first two are embedded. The main crux of this approach is that the three fixed points are related in such a way that they are governed, or perhaps more correctly stated, they are linked by various layers of interdependency. This means that one cannot focus solely on one corner of the triangle thus decoupling, so to speak, the other two corners in the triangle in order to understand the political and economic forces at play there. One has to take all three fixed points in the triangle into account in order to disentangle and thus understand the complex web of interdependency among them. This is of course just one example of how to construct a triangle. There are many other ways of identifying a triangular relationship, be it either international or domestic or a combination of both. That depends on the topic the analyst wants to investigate. There can be several triangles in a triangular approach as this illustrates the different levels of analysis thus constituting a multi-dimensional triangular matrix. The most important thing to stress here, however, is that a triangular approach, regardless of whether we are talking about just one triangle or of several interrelated triangles, is to provide the researcher with a holistic understanding of the subject under investigation; having several levels of interdependency thus negates the possibility of political and/or economic decoupling.

In the following four articles in combination with the business report that make up this special issue, several different triangular approaches are applied to SMEs in East and Southeast Asia to show the flexibility of this approach.

The first article by Chin Yee Whah focuses on the dynamic interactions among the Malaysian government, local SMEs and civil society organizations in shaping policies for SMEs in general, thus (re)positioning Malaysian SMEs in the increasingly competitive global economy that fragments the Malaysian market. The 2008 global economic crisis prompted extraordinary financial aid initiatives by almost every government to stimulate economic growth. No exception to this, the Malaysian government not only increased its pump priming, but also reviewed and changed its economic policies to stimulate growth and create employment. In light of this, Chin's article adopts an embeddedness approach that discusses the state and SMEs as embedded in a society that consists of different societal structures and institutions. This embeddedness has

a critical impact on economic policies that basically determine the position and future of Malaysian SMEs in an ever changing global economy. The analysis focuses primarily on state-led and state-induced economic strategies, which develop, reposition and sustain SMEs' competitiveness in the global economy. The article furthermore examines how local SMEs responded to the current financial crisis and how civil society contributed and responded to the formulation of the nation's economic policies. In short, the article introduces a triangular model to the study of Malaysian SMEs by examining three main fixed points: the state, the economy and the society.

The second article, by Tommy Tsung Ying Shih, provides a descriptive account of a single in-depth case study of a Taiwanese biotechnology company, the Taiwan Liposome Company (TLC), by applying a network analysis that shows how national, global and societal forces affect the environment for SME innovation in Taiwan. He argues that these three forces cannot be decoupled from one another. On the national level, the Taiwanese government's strong promotion of biotechnology sparked the formation of the innovative company. However, TLC, in its initial formation stage was unable to convince the government of its product innovativeness. As a result, TLC turned to business acquaintances, friends and family to raise capital. These three groups of people are referred to as a kind of societal force. As the company grew, it became more embedded in national and global networks with innovative partners to sustain and improve its research and technology in drug development. The article demonstrates that the inseparable national, global and societal forces have implications for the development and commercialization of innovative products.

The third article, by Michael L. Troilo, analyzes the motivations of SMEs from Vietnam, Indonesia and the Philippines to engage in exporting in the context of triangulation, which considers the impact of the global economy, national economy, and the societal milieu in which SMEs thrive. He finds that favourable government incentives designed to stimulate exports have little influence over whether an SME wants to internationalize. A lucrative domestic market might be a disincentive for an SME to internationalize. The result of cross-sectional analysis shows that global and domestic market conditions tend to influence the internationalization of SMEs in Vietnam, Indonesia and the Philippines more than policies designed to help SMEs export. Basically, his results call into question the ability of governments to encourage SMEs to internationalize via exporting.

The fourth article, by Gloria Garcia, deals with what she calls 'inverse internationalization', as it is not the SMEs in the Japanese pottery business that go international but rather that international customers come to pottery-producing SMEs in Japan. Here the main player in the triangular approach is not a foreign investor representing the global economy, nor is it various societal forces in the national hinterland that impact this kind of culturally sensitive product. Rather, the main player in this context, according to the author, is the state and its branding of the pottery production for the tea ceremony, thus elevating it as part of the national cultural inheritance. This provides for an indirect way of internationalizing this kind of otherwise localized pottery production, not by offering an actual export outlet but by elevating it to constitute an integrated part of the national branding abroad. The points in this triangle are thus not from the producers to the customers via state intervention but rather from the state via the customers, in this case the global ones, to the producer. This constitutes the logic behind what the author terms 'inverted internationalization', in which the producer is the passive part in an internationalization process and the customer the active one stimulated by state intervention.

The business report that constitutes the final piece in this special issue shows the flexibility of the triangular approach that is necessary in the current complex global economy. Chin Yee Whah and Lim Ka Tiek present a concrete case on how the triangular model is tested in a university–industry–state engagement. They develop and test a model called 'SME Assist' that brings together untapped resources from the university, industry and the state to provide a least-cost model to bring Malaysian SMEs' competitiveness to a higher level in the global market. Following the concept of university–industry engagement, the model is a combination of economic and sociological perspectives and three decades of practical experience of engineering and senior management in MNCs. Through networking, the model pulls together researchers, students, retired MNC experts, current MNC experts and state agency officers to provide near-term and long-term assistance to SMEs. The model enables the transfer of knowledge on an accelerated basis from experts to students via on-the-job training in several live projects supervised by experts and researchers. The SME Assist model is aided by the state's higher education policy by providing research grants, thus making the triangle complete.

All four papers plus the business report in this special issue are based on a triangular approach, exhibiting different levels of analysis, from

theoretical constructs to concrete case studies. The articles that are based on empirical case studies demonstrate the viability of the overall model. This can be seen when employed in different markets that have greatly differing societal institutions. The triangular model applied in the study of SMEs complements the existing models that are used to address MNCs in the global economy. This collection of articles in a humble way contributes to the existing corpus of knowledge on the internationalization processes of SMEs in East and Southeast Asia. It is hoped that the triangular perspective and empirical case studies offered in this special issue will provoke further thought and future research in order to improve the model.

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