ACKNOWLEDGEMENT

First of all, utmost gratitude and praise to God, to Jesus Christ, the Almighty Lord for His love, blessings and guidance throughout the making to the completion of this thesis entitled **"Comparison of Conditions for the Internationalization of Small and Medium Enterprises Between Indonesia and Japan"** to be completed. The thesis is submitted to fulfill the final requirement in order to obtain a Bachelor Degree of Management in concentration of International Business at Faculty of Economics and Business of Universitas Pelita Harapan, Lippo Village, Tangerang, Banten.

Starting from the assembling process to the completion of this thesis is possible due to the encouragement, guidance, support and prayer from the people around the author, including the thesis supervisor Dr. Sidik Budiono, S.E., M.E. Furthermore, with greatest honor and respect, the author would like to express gratitude to the these people:

- 1. Gracia S Ugut, M.B.A., Ph.D. as Dean of Faculty Economic and Business
- 2. Isana S.C. Meranga, S.P., M.M. as Head of Management Study Program.
- 3. Jaquelinda Sandra Sembel, S.Pd., SE, MM as Area of Excellence.
- Dr. Sidik Budiono, S.E., M.E as the thesis research supervisor and mentor for showing extensive patiences, support, guidance and advice during the thesis assembling process.
- Dr. Pauline H. Pattyranie Tan, M.Si. as the Head of Thesis Defense Committee and Paulus Yokie Radnan, S.E., M.M. as a member of the Committee.

- 6. All lectures at Universitas Pelita Harapan, Karawaci, who are involved in the learning process of the author by lectures.
- Beloved family that includes father, mother and big sister who gave extensive love, prayer and support during the thesis research in Universitas Pelita Harapan.
- 8. The Governing Crew from Nihon Utopia 2018/2019 who have become best friends with the author and given valuable experience in Student Organizations.
- 9. The classmates that along the way become best friends that become an impactful person to the author's life.

The author realized that this research is far from being perfect, thus any comments, criticisms, and suggestions, which would become a really useful input would be welcomely received. The author sincerely hopes that this thesis will be useful in the future.

Tangerang, 27 November, 2020

Valerie Clarissa Soemitro

TABLE OF CONTENTS

COVER	1
FINAL ASSIGNMENT STATEMENT AND UPLOAD AGREEMENT	2
THESIS APPROVAL	3
THESIS DEFENSE COMMITTEE	4
ABSTRACT	5
ACKNOWLEDGEMENT	6
TABLE OF CONTENTS	8
LIST OF FIGURES	11
LIST OF TABLES	12
LIST OF APPENDICES	13
CHAPTER 1	14
INTRODUCTION	14
1.1 BACKGROUND	14
1.2 PURPOSE OF STUDY	19
1.3 RESEARCH PROBLEM	19
1.4 RESEARCH PURPOSE	19
CHAPTER 2	20
LITERATURE REVIEW	20
2.1 International Business	20
2.2 Internationalization	20
2.2.1 Internationalization strategy	21
2.2.1.1 Exporting	21
2.2.1.2 Foreign Direct Investment	22
2.2.1.3 Contractual Agreement	22
2.2.1.4 Strategic Alliances	23
2.3 Entry Barriers for Foreign Market	23
2.4 Financing Capabilities	24
2.4.1 Effects on SMEs	25
2.5 Reason for SMEs to be Internationalize	25
2.6 Indonesia's SMEs Criteria	27

DISCUSSION AND CONCLUSION	66
CHAPTER 5	66
4.3 Comparative Analysis Table	61
4.2.1.3 Internationalization Entry Barriers	60
4.2.1.2 Financing Capabilities	58
4.2.1.1 Development	56
4.2.2 Research Object of Indonesia: SME Condition	54
4.2.1.3 Internationalization Entry Barriers	53
4.2.1.2 Financing Capabilities	51
4.2.1.1 Development	48
4.2.1 Research Object of Japan: SME Condition	46
4.2 Research Object of Japan and Indonesia	46
4.1.2.2 General Culture Observation	43
4.1.2.1 International Trade	41
4.1.2 Descriptive Analysis of Indonesia's Industry	40
4.1.1.2 General Culture Observation	37
4.1.1.1 International Trade	35
4.1.1 Descriptive Analysis of Japan's Industry	34
4.1 Descriptive Analysis of Japan and Indonesia	34
DESCRIPTIVE ANALYSIS AND COMPARATIVE ANALYSIS	34
CHAPTER 4	34
3.4 Comparative Analysis	33
3.3.1 Descriptive Method	33
3.3 Data analysis	33
3.2 Data collection methods	32
3.1 Type of study	32
RESEARCH DESIGN	32
CHAPTER 3	32
2.9.1 Research Framework	31
2.9 Theoretical Framework	30
2.8.3 Entry Barriers and SME Internationalization	30
2.8.2 Financial Capability and SME Internationalization	29
2.8.1 Government Intervention and Financing Capabilities	28
2.8 Relationship between Variables	28
2.7 Japan's SMEs Criteria	28

5.1. Conclusion	66
5.2. Managerial Implication	67
5.3. Suggestion for Future Researcher	68
BIBLIOGRAPHY	69
Appendix A	78



LIST OF FIGURES

Number	Name of Tables	Page
Figure 1.1	Number of SMEs units in Indonesia 2010-2018	16
Figure 1.2	Japan Business Conditions DI by enterprise size	17
Figure 1.3	Bilateral Trade Between Indonesia and Japan	18
	(in million USD)	
Figure 4.1	Estimated Hofstede Score of Japan	38
Figure 4.2	Estimated Hofstede Score of Indonesia	44
Figure 4.3	the number of business suspended, closed or	47
	dissolved from 2013-2018 in Japan	
Figure 4.4	How SME policies are implemented in Japan	50
Figure 4.5	Comparison of SMEs contribution to nation's	54
	export 2015	
Figure 4.6	Formality per number of employees (left) and	55
	annual turnover (right)	

LIST OF TABLES

Number	Name of Tables	Page
Table 4.1	The Number of Business, Gross Value Added	34
	and Employment Absorption in Japan on 2016	
Table 4.2	The Number of Business, Gross Value Added	40
	and Employment Absorption in Indonesia on 2017	
Table 4.3	Difference in Financial Support Distribution (2017)	58
Table 4.4	Comparative Analysis Table	61

LIST OF APPENDICES

Appendix A

Page 16

