The role of networks in SMEs’ internationalization

A perception from the emerging Asian market under the trend of deglobalization
Bachelor Thesis in Business Administration

Title: The role of networks in SMEs’ internationalization- A perception from the emerging Asian market under the trend of deglobalization.

Authors: Ziyun Gao, Yifei Qu & Zequn Zhang

Tutor: Andrea Kuiken

Date: 2019-05-20

Key terms: SMEs, internationalization, deglobalization, emerging market, networks

Abstract

Background: Due to a series of financial crisis and political turbulence, a share of international economic activities has been decreased which results in the emergence of deglobalization trend. For those emerging Asian market SMEs, they are more likely to be influenced by this context because of the left impact of bureaucracy in Asian markets and lack of sufficient resources to overcome the challenges compared with MNCs.

Purpose: The purpose of this research is investigating the specific challenges appearing in the deglobalization trend and importance and impacts of networks in the internationalization process of emerging Asian market SMEs under this specific trend.

Method: This research follows the philosophy of interpretivism, correspondingly, the inductive research approach is appropriate for this paper to apply to refine existing theory. Qualitative research strategy approach is adapted to understand the meaning and impact of network for SMEs under deglobalization trend through multiple case study.

Conclusion: The following four impacts networks have on Asian SMEs become more prominent and pivotal to assist SMEs overcome deglobalization challenges: 1) information communication, 2) access to new customer, 3) cost reduction and 4) reliable support.
Table of Contents

1. Introduction ....................................................................................... 1
   1.1 Background .................................................................................. 1
   1.2 Problem ....................................................................................... 2
   1.3 Purpose and Research Question ...................................................... 4
   1.4 Definitions ................................................................................... 4

2. Literature Review ............................................................................... 6
   2.1 SMEs Internationalization ............................................................... 6
   2.2 SMEs Network Approach in Internationalization ............................. 7
   2.2.1 The Typology of Network ......................................................... 9
   2.2.2 Impacts of Network ..................................................................... 12
   2.3 SMEs’ Network Approach in Emerging Asian Market ................. 13
   2.3.1 Cultural Impact ........................................................................ 14
   2.3.2 Confucianism, Ethnic Chinese Network and Co-ethnicity in Asian Market .... 15
   2.3.3 Institutional Environment and Politic Economy .......................... 16
   2.4 Reflection on Literature Review .................................................... 17

3. Methodology & Method ...................................................................... 19
   3.1 Research Philosophy .................................................................... 19
   3.2 Research Approach ...................................................................... 19
   3.3 Literature Review ........................................................................ 19
   3.4 Research Strategy ......................................................................... 20
   3.5 Sample ......................................................................................... 20
   3.5.1 Sampling ................................................................................ 20
   3.5.2 Participating Companies ............................................................. 21
   3.6 Data Collection ............................................................................ 22
   3.6.1 Primary Data ............................................................................ 22
   3.6.1.1 Question Design and Formulation ......................................... 22
   3.6.1.2 Procedure ........................................................................... 23
   3.6.2 Secondary Data ........................................................................ 23
   3.7 Data Quality ................................................................................ 24
   3.7.1 Reliability ................................................................................. 24
   3.7.2 Validity .................................................................................... 24
   3.7.3 Generalizability ....................................................................... 24
   3.8 Ethical Consideration ................................................................... 24
   3.9 Data Analysis .............................................................................. 25

4. Findings .............................................................................................. 26
   4.1 Briefcase Background .................................................................. 26
   4.1.1 Company A ............................................................................. 26
   4.1.2 Company B ............................................................................. 27
   4.1.3 Company C ............................................................................. 28
   4.1.4 Company D ............................................................................. 28
   4.1.5 Company E ............................................................................. 29
   4.1.6 Company F ............................................................................. 29
   4.2 Challenges of Internationalization under Deglobalization ............ 32
   4.2.1 Economic Barrier ..................................................................... 32
   4.2.2 Lack of Information .................................................................. 34
   4.2.3 Losing Customers’ Confidence ................................................ 34
   4.2.4 Political Change ....................................................................... 35
4.3 Impacts of Networks under Deglobalization ................................................................. 35
4.3.1 Information Communication ................................................................................. 35
4.3.2 Access to New Customers ..................................................................................... 36
4.3.3 Cost Reduction ........................................................................................................ 37
4.3.4 Reliable Support ...................................................................................................... 38

5. Analysis ......................................................................................................................... 39
5.1 Network ....................................................................................................................... 39
5.1.1 Business Networks ................................................................................................. 39
5.1.2 Social Networks ..................................................................................................... 39
5.1.3 Institutional Networks ........................................................................................... 39
5.2 Challenges of Internationalization under Deglobalization ............................................ 40
5.2.1 Economic Barrier ................................................................................................. 40
5.2.2 Lack of Information .............................................................................................. 40
5.2.3 Losing Confidence of Customers and Partners ....................................................... 41
5.2.4 Political Change ................................................................................................. 41
5.3 Impacts of Networks under Deglobalization ............................................................... 42
5.3.1 Information Communication ................................................................................. 42
5.3.2 Access to New Customers ..................................................................................... 43
5.3.3 Cost Reduction ...................................................................................................... 44
5.3.4 Reliable Support ................................................................................................... 44

6. Conclusion ..................................................................................................................... 45

7. Discussion ..................................................................................................................... 46
7.1 Implications ................................................................................................................ 46
7.2 Limitation of Study .................................................................................................... 47
7.3 Future Research ........................................................................................................ 48

Reference List ................................................................................................................... 49

Appendix 1 ......................................................................................................................... 57
Interview Guide （In English and Chinese） ........................................................................ 58
1. Introduction

1.1 Background

A series of financial crisis and political turbulence has shaped the imminent trend of deglobalization. In detail, the share of international economic activities has been decreased since the recovery from the global collapse in October 2008. In 2013, the report of the World Trade Organization (WTO) stated the significant changes in the number of international trade agents and the graphical dispersion of global trade of commodities (Postelnicu, Dinu & Dabija, 2015). Under the trend of deglobalization, increased tariffs, limitations on foreign ownership, and other constraints may have critical impacts on the ability to trade and invest in the global markets (Allen & Raynor, 2004), hence the world economy which is highly-interdependent with political changes is rather unstable nowadays, and the wave of deglobalization is impending. Simultaneously, the Asian countries are experiencing institutional evolution, thus existing more political uncertainties that might cause negative impacts on SMEs’ transaction cost (Chen, Huang & Wang, 2014). Compared to developed markets, emerging Asian market has unique characteristics, especially in cultural, political and economic environments (Fletcher & Melewar, 2002). Because of the left impact of bureaucracy, governments often have great power in the resource allocation and business activities in the Asian market, so political elites could directly interfere the SMEs’ operational activities and industries’ resource allocation (Nee, 1992; Peng, 1996; Zhu et al., 2007). Hence, the politics vicissitude is closely tied to the economy and companies’ business activities (Sheng et al., 2011).

Under the trend of deglobalization, small and medium sized enterprises (SMEs) are more likely to be influenced by the changes. Due to the accelerating trend of globalization and market liberalization relating reductions in trade barriers and fiercer domestic competition, SMEs have been internationalizing to acquire growth potential and more business opportunities in the last 20 years (Pisani, Caldart, & Hopma, 2017). Thereupon, a stream of research has conducted in order to figure out how SMEs’ internationalization differentiates from large multinational companies’ from various aspects. Reuber and Fischer (1997) point out that the management teams who have international experiences are vital resource determining SMEs’ successful internationalization operation; Bakerley
(1989) proves that the risk problems faced by SMEs in foreign direct investment are especially tough for first time investors since there is no previous experience on which to draw; and Lu and Beamish (2001) find that having partnership with local knowledge partners is efficient in overcoming the resource barriers for SMEs when entering into foreign markets. An important conclusion derived from those researches is that the international growth of SMEs is mainly constrained by the limited external resource, the insufficient knowledge of foreign markets, the lack of international experience and deficient overseas contacts and business opportunities (Postelnicu et al., 2015; Tang, 2011; Kazlauskaitė, Autio, Gelbūda & Šarapovas, 2015). Compared with large multinational companies (MNCs), SMEs have the disadvantage to attain sufficient resources, such as financial support, technology and information, to overcome the uncertainty and the difficulties (Udomkit & Schreier, 2017). Thus, with more external environment challenges, SMEs’ internationalization process may face a more severe situation.

1.2 Problem

Numerous literature (Al-Laham & Souitaris, 2008; Butts, Datta, Martina & Musteen, 2014; Stefano, 2018) has researched about SMEs’ internationalization activities. However, most of the literature are from the angle of western countries. For instance, Oehme and Bort (2015) research on the internalization modes of German biotechnological SMEs and Onkelinx, Manolova and Edelman (2016) look at human capital and networks’ effects on SMEs’ internationalization process in Belgium. Simultaneously, the study on SMEs in the emerging Asian market is becoming an essential theme in the research since the relevance and involvement of SMEs are enhancing in multinational operations (Postelnicu et al., 2015). Nevertheless, prior scholarly works on internationalization of firms in emerging market hardly focused on the strategies of SMEs since major parts of them researched about large firms (Kazlauskaitė et al., 2015) and there is still a lack of research studies about internationalization of emerging market SMEs (Che Senik et al., 2011).

About one-third of the world’s gross domestic product is accounted by emerging economies, and their growth rate is much higher than those advanced countries (Hale, 2012; Kazlauskaitė et al., 2015). Moreover, emerging market economies are regarded as the main hotbeds of SMEs (Zhang, Knight & Tansuhaj, 2014). Among all the emerging
markets, the Asian market has the largest population, and China and India are the largest emerging markets (Jain, 2005), while there are few types of research regarding SMEs’ internationalization in the Asian market. Additionally, since the circumstances of emerging economies are characterized by underdeveloped institutions, those emerging market firms may face more challenges that constrain their performance of internationalization (Bianchi, Carneiro & Wickramasekera, 2018; Luo & Tung, 2007) and adverse environmental changes brought by deglobalization.

It is widely established in SME internationalization literature, that SMEs can benefit from networks when they internationalize (Agndal & Chetty, 2007; Chetty & Blankenburg Holm, 2000). Networks have critical impacts on SMEs’ internationalization activities because they can help create resource-based advantages (Kazlauskaite et al., 2015). Networking is a business investment with intensive resources, defined by Tang (2011) from an enterprise’s perspective, while Ford and Mouzas (2010) conceptualize networking as the characteristic of certain business relationship each of which is unique in time and space. Among these definitions, networks are associated with the keywords of resources and relationships and play the role of sharing information and exploring potential partners for firms. Meanwhile, the ability to get over those resource constraints through networking determines the degree of internationalization of SMEs in the emerging Asian market (Zhang, 2016), since the inability of allocating resource effectively and excessive government intervention are also problems for SMEs (Zhu, Hitt, & Tihanyi, 2006). Further, it is vital for SMEs to evaluate their positions and demands of resources and to develop appropriate networking strategies for acquiring necessary resources (Tang, 2011), especially for SMEs in Asian market, as actors usually focus on connections through relationship to solve the resource allocation problem (Rauch & Trindade, 2002). So far, numerous researches have mentioned the positive impacts that networks have on SMEs in the process of internationalization, including creating business opportunities, transferring knowledge, accessing to external resources, and providing moral support (Chen, 2003; Meyer & Skak, 2002). According to Tang (2011), diversified network is rewarding on account of it provided access to various resources for international development. Another benefit from the enhanced networking skills is that the limitations of the firm size is offsetted, since the constraints in fostering international
business can be compensated by strategically realizing more effective network relationships.

In conclusion, the recent deglobalization trend and the Asian market situation in particular raise questions about the role of networks in sustaining international business activities of SMEs in the rapidly changing international environment.

1.3 Purpose and Research Question

As stated earlier, the research area of SMEs internationalization in the western countries has already been explored and studied a lot by scholars. Even though scholars started to mention the significance of SMEs in emerging markets, there is still a research limitation on SMEs internationalization related to emerging economies (Che Senik et al., 2011). With the trend of deglobalization, SMEs may face more challenges to maintain their international presence. Therefore, the aim of this research is to investigate the specific challenges appearing in the deglobalization trends and importance and impacts of networks in the internationalization process of emerging Asian market SMEs under this specific context.

As explained above, the research question that we aim to answer is:

*What is the role of networks in internationalization of emerging Asian market SMEs under the trend of deglobalization?*

1.4 Definitions

**Internationalization:** A process about when firms pay attention to the direct and indirect influence of international transactions on their future development and start establishing and conducting transactions with other countries (Beamish, 1990).

**Deglobalization:** The process of diminishing economic interdependence and integration between countries (Allen & Raynor, 2004), and the phenomenon of the occurrence of deglobalization as a consequence of a collapse of world trade (Bergeijk, 2017).
Networking: Defined by Alt, Fleisch and Österle (2001), networking is the business activity held by entrepreneurs and firms in order to create business relationships and to identify and explore, business opportunities.

Networks: In the context of internationalization, networks are conceptualized as relationships between an enterprise and its stakeholders who enable company to conduct international business activities (Tang, 2011; Zain & Ng, 2006).

In the next section, we discuss the theoretical framework of our research, and our choice of methodology is presented in the following one. Subsequently, we provide the data collected from the research process, give the discussion and analysis, and draw the conclusion from them. Implications, limitations of the study and future research are presented in the last section.
2. Literature Review

2.1 SMEs Internationalization

In the process of internationalization, SMEs establish and maintain relationships with partners in the host countries, which mainly accomplished by three approaches: a). international extension (SMEs build up connection with local companies in the nations that are completely new to the SMEs); b). penetration which refers to enhancing devotion to the established overseas networks; and c). international integration which integrates SMEs network resources in various countries that the company has business activities (Chetty & Blankenburg Holm, 2000; Johanson & Mattsson, 1988). However, SMEs need to consider about the nature of the industrial sector chosen by them, the risk of producing non-tradable goods and services, the nature of their support system which is the source of knowledge, and potential impacts of rapid changing international competitive environment (Wright, Westhead & Ucbasaran, 2007).

Zamberi Ahmad (2014) and Musteen, Martina, Datta and Butts (2014) state that what motivates SMEs in emerging Asian market to internationalize are the limited domestic business opportunities, pressure from local competition and appearing international business chances. In Al-Hyari, Al-Weshah and Alnsour (2012) work, they demonstrate that internationalization of marketplace and industrial environment lead to an increase in competition and exports which are the simplest methods for SMEs to internationalize. Multiple scholars mention that exporting is the most common and vital mode of foreign market entry for SMEs because compared with other direct investment modes, it contains less financial uncertainties and risks and a large amount of investment is not necessarily required (Agndal & Chetty, 2007; Lages & Montgomery, 2004; Wright et al., 2007). After the financial crisis in 2008, the speed for SMEs to internationalize has increased substantially, and around 25% to 35% of worldwide exporting activities in manufacturing industry is conducted by small firms (Andersson & Flore’n, 2008). Applying export strategy could be seen as a profound tool for SMEs to enhance their profitability and business performance. As Burgel et al. (2001) and Bloodgood et al. (1996) conclude that firms present higher levels of sales market share, return on investment (ROI) and productivity after exporting, thus achieving better performance. On the other hand, this
opinion is opposed by Lu and Beamish (2001) and Westhead et al. (2001b, 2004a), they present that the propensity to export has negative impacts on return on assets (ROA) and does not have positive impacts on SMEs’ survival or growth. Despite the shortcomings of export strategy, exporting is still be treated as a preferred operation mode for most of SMEs since it reveals SMEs’ higher demand for controlling their resources efficiently and their limited social and business networks (Wright et al., 2007).

Nevertheless, SMEs usually meet barriers in this internationalization process; the main difficulties are associated with insufficient foreign market information, unfamiliar and inconsistent business practices in foreign markets, increasing competition in and lack of financial streams to expand internationally (Zamberi Ahmad, 2014). Meanwhile, the socio-economic barriers faced by SMEs are introduced by Rahman, Uddin and Lodorfos (2017). They include economic barriers, which are institutional barriers resulting from political and legal factors, and social barriers, which refer to differences between SMEs and their foreign consumers in socio-cultural features, habits and attitudes. To solve the problems, He, Karami and Insch (2018) claim that the internationalization of SMEs should majorly emphasize on adding new models instead of adopting various strategies in foreign markets. Conversely, Zamberi Ahmad (2014) and Musteen, Martina, Datta and Butts (2014) point out that SMEs should focus on developing networks to attain resource, especially for the situation in emerging market.

2.2 SMEs Network Approach in Internationalization

Networks seem like a source of competitive advantage and an effective way to assist SMEs in internationalizing more rapidly due to information benefits (Zamberi Ahmad, 2014), and they allow SMEs to develop more chances of internationalizing successfully (Torkkeli, Puimalainen, Saarenketo & Kuivalainen, 2012). Chetty and Blankenburg-Holm (2000) suggest that the managers should take a glance at the opportunities of internationalization and the networks for resources since the network position of a company is regarded as its market asset, and they should also realize that their companies are not separated from the environment but are interacting with other companies in this environment.
In internationalization, the study of Chetty and Stangl (2010) has proved that SMEs with various types of networks have radical internationalization and networks help to shape and sustain the future of SMEs. Meanwhile, in order to gain success of internationalization, SMEs should gain support from government policies, possess the abilities of innovation, and attain the relationship with critical networkers (Bose, 2016). Utilizing existing network relationships facilitates SMEs to make decisions about their market entry mode (Bose, 2016; Coviello & Munro, 1997). On the other hand, Loane and Bell (2006) argue that except for depending on established relationships, SMEs should be able to frame new network ties in rapid internationalization. As SMEs expand their business abroad, there are more opportunities for them to approach cooperative partners and acquire efficient resources and capitals.

Furthermore, in Chetty and Agndal’s (2007) research, the network can be viewed as a dominant component of SMEs’ social capital, which is efficacious for firms’ internationalization, for instance, the more interactions a firm has with its partners, the more resources their partners would devote. Achrol (1997) also agrees with the efficacy role of network and emphasizes on the importance of commitment, trust and social norms when building long-term stable partnerships. In consequence, the acquired information would create business chances for SMEs (Chetty & Agndal, 2007; Torkkeli et al., 2012). Moreover, firms could also have some unexpected opportunities which are derived from their weak ties in the process of internationalization. Usually, those weak ties could provide opportunities for firms to acquire new information by breaking into new partnerships (Chetty & Agndal, 2007).

On the other hand, the partners within the network may have opportunistic behavior and lack of commitment during the cooperation, which was strongly argued by several scholars (Hakansson & Snehota, 1995; Williamson, 1985; Yli-Renko, Autio & Tontti, 2002). However, if SMEs could realize the issue and change their internationalization mode, the further outcome might be positive, which could be considered as the social capital’s liability role (Chetty & Agndal, 2007).
2.2.1 The Typology of Network

SMEs develop miscellaneous relationships with different actors in the international markets (Tang, 2011; Zain & Ng, 2006). Therefore, varieties of research have focused on diversified aspects of the network associations that can be found, according to the exchanges and the interactions that exist within each network collaboration (Möller, Rajala & Svahn, 2005).

Up to this point, we have recognized the base of networks and its classifications by reviewing notable networks literature concerned with the rapid development of business networks. To understand the approaches of developing business relationships, we have also discussed three types of business networks, including vertical networks, horizontal networks and a mixture of both. Three main network types are social networks, business networks and institutional networks (Oparaocha, 2015). To facilitate it, both the differences and interconnections between the four core networks utilized by firms are summarized in Figure 1 and Table 1 to provide an overview of features of networks (Lehtinen & Penttinen, 1999, p. 13; Oparaocha, 2015; Slotte–Kock & Coviello, 2010).

The perspective of social networks is concerned with the impacts of political, technological and cultural factors on firms at both individual and inter-organizational levels (Slotte–Kock & Coviello, 2010). It offers analyzing methods for the structures of the entire actors in society and various theories that explain the observations about the patterns of these structures (Wasserman & Galaskiewicz, 1994). Most research on social networks are on the individual level, such as studies on the importance of social ties in job-hunting and career development (Slotte–Kock & Coviello, 2010). Meanwhile, social networks usually consider the interactions of firms at the market level from the perspective of economics (Miller, Besser & Sattler, 2010). Granovetter (1985) claims that economic and business behaviors occur in the social circumstance. It combines the concepts of social capital and social exchange with economic exchange (Miller et al., 2010). This perspective develops the concept of marketing exchange and illustrates that more changes can be included in the relationships between actors, for instance, the changes that take place across channels of distributions between firms (Bagozzi, 1975; Miller et al., 2010). In short, the research on social networks often emphasizes on how to identify and measure the characteristics of networks to understand the impact of changes

The business networks focus on the interactions of inter-firms and can be perceived as business networking (Oparaocha, 2015; Slotte-Kock & Covellio, 2009). It encourages the active parts of the third parties, including the suppliers, third-party developers, customers and others (Wood, 2009). Combining the targets of different actors in the net, Westerlund, Rajala, and Leminen (2008) classify international networks into vertical value nets and horizontal value nets. Vertical networks, the collaborative relationships among the focal firm, its upstream and downstream, aim to enable an effective production and explorations of business opportunities (Ghauri, Lutz & Tesfom, 2003; Westerlund et al., 2008). Achrol (1997) classifies two types of networks that resemble a sort of vertical integrations between the participating firms: (1) the intermarket networks, and (2) the opportunity networks. Originating from keiretsu organizations in Japan, the intermarket networks are on behalf of the alignments among companies that operate in various independent industries and are usually established around one main financial institution, a manufacturing firm, or a trading firm (Möller & Rajala, 2007). Opportunity networks, also called market exchange companies are impermanent alliances, often formed around a certain project for customer (Achrol, 1991; Möller & Rajala, 2007). These two types of networks are created around a single hub firm which controls the key valuable resources and activities (Möller & Rajala, 2007). By contrast, horizontal networks, such as cooperation alliances, are cooperative relationships among firms that aim to achieve the same target through the share and mobilization of resources (Westerlund et al., 2008). In addition, Möller, Rajala and Svahn (2005) suggest the multidimensional value networks (MDVNs) as another most existing networks. It is a mixture form of opportunity networks and vertical networks (Möller & Rajala, 2007). MDVNs are complex business networks and include ‘core or hollow organizations’ that integrate the different types of products or services from various suppliers and channel firms to set the market offer (Möller et al., 2005).

Oparaocha (2015) highlights that the concept of institutional networks is hidden under the category of business network. Institutional networks involve the supporting
government agencies which aim to enhance the knowledge capacities and resource controls of firms (Udomkit & Schreier, 2017). It is vital to separate it from these classifications of networks in researches of networks, especially for understanding its importance in the internationalization process of SMEs (Oparaocha, 2015).

Figure 1 The network typology framework to understand general network characteristics and intersections (Developed following Oparaocha, 2015).

Table 1 Comparing the different perspectives of business networks (Developed following Möller & Rajala, 2007, Oparaocha 2015, Slotte-Kock & Coviello, 2010).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Vertical Networks</th>
<th>Horizontal Networks</th>
<th>Multidimensional value networks</th>
<th>Institutional Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Emphasizes on dyadic interactions (especially inter-organizational relationships) but argues that is possible and needed to understand the mutuality of networks and network development</td>
<td>Emphasizes on the interactions between institutions and firms to support market opportunity identification</td>
<td>Emphasizes on the interactions between institutions and firms to support market opportunity identification</td>
<td></td>
</tr>
<tr>
<td>Actors</td>
<td>Customers, competitors, suppliers, shareholders etc.</td>
<td>Firms at the same level of the value chain in the same or different industries</td>
<td>Customers, competitors, suppliers, shareholders etc. and firms at the same level of the value chain in the same or different industries</td>
<td>Government agencies, financial institutions, NGOs etc.</td>
</tr>
<tr>
<td>Major area of impact on performance</td>
<td>Business deal, supplement or acquire resource advantage, business know how</td>
<td></td>
<td></td>
<td>Support functions and the institutional-based business environment</td>
</tr>
</tbody>
</table>
2.2.2 Impacts of Network

According to Zhang, Ma, Wang & Wang (2014), one reason for SMEs externalizing their activities is to overcome the constraint of lacking diversified resources. Network, as an important asset in the organizations, can help SMEs eliminate the concerns about insufficient information, resources, and market insights during internationalization (Udomkit & Schreier, 2017). Therefore, enterprises should be proactive to develop business relationships for obtaining adequate resources, which is an essential driver for SMEs to operate international activities (Tang, 2011). Through close collaboration in networks, SMEs can gain access to managerial skills, learning knowledge, and strategic information for formulating appropriate internationalization strategy (Pinho & Pinheiro, 2015). But close collaboration can also pose a risk to international SMEs (Cristina Stoian & Ghauri, 2015). There are possibilities for partners to turn into competitors if partners react opportunistically to achieve the acquisition of firms’ intelligence (Stoian & Ghauri, 2015). Despite that, SMEs, especially those in emerging economies, can utilize reliable information to reduce their investment uncertainty. Li and Qian (2007) find that SMEs should be prudent when investing in unfamiliar ventures, with business networks, they can get known about the details of their investment decisions and input quality. Forming strategic alliances allow SMEs to share related risks and costs of investment with partners.

Despite building business ties in foreign markets, relationships in the domestic markets can assist SMEs on resources aspect as well. In Pinho and Pinheiro’s (2015) work, they agree that existing business ties in the domestic markets usually supply valuable resources for SMEs to apply at the earlier stage of internationalization, and furthermore with these resources companies’ involvements in international markets can be promoted gradually.

Maintaining extensive business ties with government officials accelerate the speed for SMEs to achieve the success of internationalization from multiple aspects. In the previous study, Oparaocha (2015) emphasizes that there is a need for SMEs to cooperate with governments because some challenges and opportunities for them to gain success can be identified. Cultivating network with government provides opportunities for SMEs acquiring resources to search partners, financial support, business contacts and other aspects. Therefore, SMEs should develop relations with government agencies to attain
goodwill in order to avoid their arbitrary intervention, gain legitimacy, get access to
government resources and priority access to tangible benefits such as inward FDI
(Boddewyn & Brewer, 1994; Hoskisson et al., 2000; Khanna & Palepu, 1997; Rodriguez,
Unlenbruck & Eden, 2005; Zhu et al., 2006).

However, some challenges and shortcomings about developing network relationships in
internationalization for SMEs are also examined in multiple types of research.
Networking is a process of demanding resource, but there are probabilities of resulting in
opposite outcomes (Dubini & Aldrich, 1991; O'Donnell, 2004; Tang, 2011). Because of
resource constraints, SMEs should acquire efficient resources and skills to
internationalize. Those additional resources provided by existing relationships may not
be the appropriate ones for SMEs to apply, and enterprises may be unable to grasp the
new opportunities (Hitt, Lee & Yucel, 2002). Therefore, the ability to develop business
ties efficiently and accurately which allows them to derive valuable resources plays a
critical role for SMEs gaining actual benefits (Coviello & Munro, 1995; Johanson &
Vahlne, 2003; Mort & Weerawardena, 2006; Tang, 2011). Moreover, if SMEs are overly
dependent on networks to obtain organizational resources, they may face restrictions on
various areas, such as geographical scope and speed of foreign entry (Tang, 2011). As a
result, they may become inefficient in extending their network horizons and realizing
potential opportunities (Tang, 2011; Witt, 2004).

2.3 SMEs’ Network Approach in Emerging Asian Market

What makes emerging Asian market unique is its cultural context, being the only one
among the four ancient civilizations who never experienced cultural discontinuity,
China’s long-term cultural export especially Confucianism has profound impacts on Asia-
Pacific countries (Che Senik et al., 2011; Ebrey, 1996; Fletcher & Fang, 2005). Therefore,
the role of relationship and network and their formation and maintenance are largely
determined by the cultural ideology. Turning the gaze back to recent decades, the market
liberalization of Asian countries began relatively later in the 1960s compared to Western
markets, and the legacy of bureaucracy remains, which forces some Asian countries to
experience the ongoing Institutional evolution (Heo & Tan, 2003; Zhu et al., 2007). Hence,
we will go deeper into literature to compare scholars’ views of cultural and institutional
impact on Asian market SMEs’ network.
2.3.1 Cultural Impact

Cultural sensitivity is quite critical for SMEs to achieve success in Asian market because Asian culture is sophisticated and impacts all the members within the network by setting obscure and tacit yardsticks for appropriate behavior subordinating to the game rules (Fletcher & Fang, 2005). Fletcher and Melewar (2002) also point out that the results of many types of research in this area can be combined with Hofstede’s cultural dimensions.

Emerging markets show a high degree of specific rather than diffuse culture, which context plays an important role in network formation and preservation (Hofstede, 2011; Fletcher & Melewar, 2002). While companies in developed markets always utilize mass media channels to transfer knowledge, it is much more effective to apply interpersonal network in Asian markets. Because there exist more instability and uncertainties in emerging markets, contextual and interpersonal relation could match counterparties within characteristics space, thus providing thicker information and avoiding the uncertainties (Fletcher & Melewar, 2002; Rauch & Trindade, 2002). Udomkit and Schreier’s (2017) study also underpins this opinion: in Thailand, SMEs always seek for a closer personal relationship with their business partner, which plays the key role in the early stage of their internationalization. If the partnership ultimately evolved into “friendship”, Thai business actors would consider this relationship as the most trusted network.

Emerging economies demonstrate a higher degree of power distance, relationships, and networks formation are largely impacted by hierarchy (Fletcher & Fang, 2005). As noted by Fletcher and Melewar (2002), the differences between social classes and education levels in emerging Asian market are much more significant than those in developed markets, which would generate larger gaps between senders and receivers during the interpersonal communication. Furthermore, the institutional environment in Asian market has great differences as well. Government intervention exists more in emerging markets (Sheng, Zhou, & Li, 2011). Government officials often have the authority to intervene the SMEs’ marketing and internationalization procedure. Therefore, many of them expect or even hint for bribes, which has bringing great difficulties on SMEs’ internationalization. Under this circumstance, SMEs are encouraged to seek institutional network with government agencies. By doing this, they can avoid uncertainties about
transaction cost on rent-seeking and corruption, reduce the extent of which government arbitrarily interfere the firm's’ business, and even get financial support from the government (Uhlenbruck, & Eden, 2005; Zhu, Hitt & Tihanyi, 2007).

2.3.2 Confucianism, Ethnic Chinese Network and Co-ethnicity in Asian Market
Emerging markets present a much greater extent of collectivism rather than individualism, co-operation, instead of competition, often appears in networks (Fletcher & Fang, 2005). This prevailing phenomenon in Asian market can be traced back to the ancient ethos of Confucianism philosophy. Although Confucianism is not the dominant or official religion in any countries, it has had considerable impacts on East-Asian countries through thousands of years (Zhang et al., 2005; Lewer et al., 2007).

According to Confucianism doctrines, people are not insular individuals, but are small parts of a big entity with complex and close interdependent relationships, and this collective entity emphasizes on spiritual and physical harmony, moderation and euphemism. Therefore, keeping interpersonal relationships with business partners is a convention in Asian culture as well as business operations (Jeong et al., 2017; Hitt et al., 2002). Therefore, Confucian-influenced Asian SMEs have proclivity of establishing informal networks (e.g., friendship in Thailand, guanxi in China) in the initial stage of their internationalization to acquire more essential information, discover more opportunities, and thus enhancing the overall international performance (Jeong et al., 2017; Udomkit & Schreier, 2017; Zhou et al., 2007). On the other hand, Jeong et al. (2017) point out that Confucianism as a host-country culture background also cause the internationalized SMEs’ evolution of networks from business to social connections in Korea, because people consider good interpersonal relationship (e.g., inmaek) to be more important than efficiency.

Moreover, the ethnic Chinese network shared by the ethnic Chinese population is a quite characteristic and representative network in emerging Asian market, because (i) the size of ethnic Chinese population is gigantic; (ii) the ethnic Chinese network exists in wide range of Asian countries, for instance, the Republic of China, Hong Kong, Taiwan, Singapore, Malaysia, and Indonesia. (Lewer et al., 2007; Che Senik et al., 2011).
Guanxi is known as the most famous personal relationships in ethnic Chinese network, which is built through informal personal ties based on trust, and cooperative strategies. Guanxi is the key to successfully operating business with Chinese ethnicity because it allows the members in the SMEs to utilize social capital for creating opportunity, providing convenience and avoiding uncertainties. (Che Senik et al., 2011). Besides, the widely shared common language provides more convenient communication and thicker information in the ethnic Chinese network. Buyers and sellers are matched more accurately and effectively in the network, as Rauch and Trindade (2001) notice that bilateral trades take place more on differentiated than on homogeneous goods in the ethnic Chinese network. Simultaneously, the business, as well as social network, effectively enforces the community sanctions to eliminate opportunistic behavior. However, the ethnic networks might limit the SMEs’ further expansion and assimilate other social cultures and thus impeding firms’ internationalization (Yeung 2004; Che Senik et al., 2011).

Furthermore, the empirical findings given by Shen (2017) provide the evidence that the bilateral relationship between China and another country would often impact the multilateral network among nations in Asia-Pacific countries and Chinese-speaking communities outside of China.

In this sense, the ethnic-related network is best considered as interlinked national network instead of international network (Rauch & Trindade, 2001). In another word, to map out a group of networks in the Asian market, it is more appropriate to divide according to the regional culture or co-ethnicity rather national borders (Fletcher & Fang, 2005).

2.3.3 Institutional Environment and Politic Economy
As mentioned previously, the emerging Asian market is experiencing institutional evolution, and due to the left impact of bureaucracy, governments have strong interference to the business (Zhu et al., 2006). Therefore, the institutional environment needs to be taken into consideration in the process of internationalization. In Heo and Tan’s (2003) Institutional theory of financial crisis outcomes, institutional variation can result in different policies, as these variations offer diverse abilities or tools available to governments. In turn, the political-economic choices would influence the shape of a
country’s industrial structure (Fields, 1995). The politics have a rather strong connection in emerging Asian market, because, in Asian countries, the government usually occupies a key part in economic development (Heo & Tan, 2003), and government in some countries still controls parts of scarce resources, such as land, bank loans, subsidies and tax breaks (Sheng et al., 2011). However, there exist more intense political uncertainties in many Asian countries as well, such as the lack of rules and laws (Fletcher & Fang, 2005). These uncertainties might cause unpredictable changes that could impact the entire market environment and force the SMEs to discount their further cash flows to acquire the necessary revenue.

On the other hand, in some cases, these governments often try to establish market support institutions, but it needs time to develop and formalize. Some social issues like social security and unemployment rates also need to be taken into consideration in the process of policy making, especially for those emerging markets which have former central planning. Consequently, it is reasonable that governments may listen and respect the feedbacks from diverse institutions, such as some social and economic groups when new policies are designed, experimented, edited, and enacted. New policies are made to promote economic development among societies and usually biased toward some certain groups that are interested in. Hence, policy making is influenced by the interactions and relationships between the government officials and enterprises. For those newly established SMEs, developing business ties and networks with government may gain the advantages and priorities in attaining resources and gaining information about rules of the game (Zhu et al., 2007).

2.4 Reflection on Literature Review

Despite the massive studies on the barriers faced by emerging markets SMEs when entering foreign markets, we find that current research on this field under the trend of deglobalization is still lacking. From our standpoint, networks between companies provide them opportunities to learn from each other, exchange resources and make mutual progress. Besides the formal business networks, the informal networks, including social and institutional networks, play an important role in Asian market because of the unique cultural and institutional environments. SMEs in Asian markets tend to establish a closer relationship with partners than Western SMEs, which might help them has stronger
possibilities of surviving in the internationalization, especially under the trend of deglobalization.

Furthermore, we speculate that the business activities within Asian countries who share the Confucianism cultural background and within Chinese co-ethnic groups might rely more on network under the turbulence brought by deglobalization, while the role of networks between Asian SMEs and Western firms under deglobalization trend need to be explored in empirical findings from our data collection.
3. Methodology & Method

3.1 Research Philosophy
This research follows the philosophy of interpretivism aiming at achieving the objective outcome of this study, because it provides explanations for social phenomena in the certain context (Crossan, 2013), enabling us to dig in deeper and reflect more on the topic and allows us to hold our own values when doing research. It guides us to do an exploratory study especially in this situation that there is a current lack of research in SMEs internationalization in emerging market and the deglobalization trend is at a preliminary stage. Therefore, we want to have a further exploration and a better understanding of networks’ role in this situation and suggest direction for future research. Interpretivism assumes there are multi societies instead of only one reality since it is shaped by perceptions of different people (Collis & Hussey, 2014). In our case, the target is to understand the impacts of networks regarding barriers brought by deglobalization and we assume that the roles of networks may be different depending on industries. Additionally, interpretivism offers us a chance to get in-depth understanding of the companies in our research.

3.2 Research Approach
In this paper, an inductive research approach is chosen considering that our research philosophy is interpretivism and we narrow down our research scope by defining our research question firstly. In Collis and Hussey (2014) study, they state that interpretivism research is more likely with an inductive research because it is focused on using different perspectives to analyze previously researched area (Gabriel, 2013). In our case, we have a specific context which is deglobalization trend. Even though some network theories have already been explored and defined, the area of network theory in Asian market SMEs under this specific trend have not been studied. Therefore, the inductive research approach is appropriate for us to apply to refine existing theory.

3.3. Literature Review
The literature review goes through existed literature to acquire an overview of research outcomes in the related fields. All the articles used in our literature review are searched from Google Scholar and Jönköping University library website, which contains more than
hundreds of reliable databases, for example ABI/INFORM collection and Web of Science. Various combinations of keywords and their synonyms are chosen to search, such as “SMEs internationalization*”, “network*”, “emerging market*”, and “export*”. To gain credible and persuasive works, articles published on highly ranked journals or peer-reviewed journals are preferred. Among those articles, we finally select the literature by screening the abstract, introduction and conclusion of them to check whether the research is relevant to our research question.

3.4 Research Strategy
The qualitative method is applied in interpretivism to generate conclusions (Collis & Hussey, 2014). It is suitable for our research since the qualitative research approach reflects on perceptions considering understanding activities of human and the society which perfectly fits our study to understand the meaning and importance of network for SMEs under deglobalization trend. The design of this research is a multiple case study based on multiple interviews. The researchers utilize their cultural background and knowledge to better observe and conclude the patterns of Asian business activity, draw the reliable findings and posit the possible future research direction. Moreover, the interview questions are general-to-specific questions with the research question and theoretical framework embedded.

3.5 Sample

3.5.1 Sampling
To accord with the research question, we set two selecting criteria for participating companies. First one is that the companies should be Chinese SMEs which have no more than 250 employees. Second one is that we are looking for exporting companies that do mainly businesses with customers in America and that are affected by the increasing trade barriers. Because of the new trade policy carried out by the America, many Chinese exporting SMEs have been affected which corresponding to the context of deglobalization of this study.

The strategy of finding participants include both online research and contacting target companies through personal networks. We researched on the website of China importing and exporting service, listed eighteen of suitable companies and sent emails to ask permission for interviews. However, it was difficult to find suitable participants at the
initial stage. Fourteen companies did not reply our email which can explained by personal contacts are important in China and making cold calls is hard. The rest four companies are not willing to accept online interviews since they are based in China. Finally, we found and decided our participant companies: company A, company B, company C, company D, company E, and company F. Our six participating companies were all founded through personal networks, and they wanted to remain anonymous. All interviewees are selected as they have a good command of the companies’ internationalization process, overseas business situation and partnership management.

3.5.2 Participating Companies

Table 2 provides a brief instruction of our participating companies.

Table 2 Participating companies’ instruction.

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Industry</th>
<th>Number of employees</th>
<th>Number of foreign markets</th>
<th>Which foreign markets active in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Guangzhou, China</td>
<td>Medical equipment</td>
<td>12</td>
<td>4</td>
<td>America</td>
</tr>
<tr>
<td>Company B</td>
<td>Dalian, China</td>
<td>Food</td>
<td>20</td>
<td>2</td>
<td>America</td>
</tr>
<tr>
<td>Company C</td>
<td>Dalian, China</td>
<td>Food</td>
<td>17</td>
<td>3</td>
<td>America</td>
</tr>
<tr>
<td>Company D</td>
<td>Dalian, China</td>
<td>Food</td>
<td>59</td>
<td>4</td>
<td>America</td>
</tr>
<tr>
<td>Company E</td>
<td>Dalian, China</td>
<td>Food</td>
<td>24</td>
<td>2</td>
<td>America</td>
</tr>
<tr>
<td>Company F</td>
<td>Hangzhou, China</td>
<td>Health care</td>
<td>36</td>
<td>3</td>
<td>America, EU, East Asia</td>
</tr>
</tbody>
</table>
3.6 Data Collection

Both primary data and secondary data are gathered in our data collection process. Our primary data is obtained from our empirical findings which are mainly derived from the interviews that are convoked with top administration teams of companies. The secondary data is used for gaining background information of our interviewed companies and consolidate the data collected. Our research question will be answered based on the primary data collected from interviews, with the support of information from secondary data.

3.6.1 Primary Data

Primary data are obtained through individual semi-structured interviews with managers of those SMEs via Skype. One advantage of skype interviews is that it assists us in overcoming the long distance and time difference between our participating companies and us, another is that it saves us the expenses of interview travel. The disadvantage is that there might be some technical problems related to internet connections. To deal with this, the interviews are planned to be held with a stable wireless network connection, and if it is possible conducting face to face interviews that will be the best choice. Interviewing, one research method to collect primary data, can offer the insights of interviewees’ actions, ideas and impressions, as it is consistent with our research target (Collis & Hussey, 2014). One reason to collect primary data is the result may be considered to be more trustworthy than the secondary data, since it is gathered by firsthand, collected objectively through elaborate planning and sampling, which likely to be scientifically gathered for the stated aim of the study. Also, primary data represents higher credibility. (Robson & McCartan, 2016).

3.6.1.1 Question Design and Formulation

Semi-structured interview is widely used in qualitative research (Rosalind & Janet, 2013). We choose semi-structured interview with open questions not only because it prevents interviewees to divert through its design of a strict set of questions, but also its open questions allow interviewees to bring up new thoughts during the interview. Additionally, the interviews are designed with open questions and complementary questions are added during the interviews to provide necessary details.
3.6.1.2 Procedure

Conducting semi-structured interviews with these six companies is our mainly way to collect the primary data. Due to the long distance, we decided to conduct the skype interviews which provide convenience for both of us and the interviewees and make the conversations vividly.

Before the interview, we firstly made an interview guide which is presented in Appendix A, but still remaining flexible which allowing the follow-up questions to be emerged during the interview process. We prepared some open and indirect questions in order to gain insightful and deep thoughts and answers. We started our interviews by introducing our research topic and purpose and then asked for a permission for the recording. In order to leave a good impression and gain trust from our interviewees, we also checked the anonymity with them firstly. After that, we asked some simple and easy questions which makes interviewees feel relaxed, such as the history of the company and their roles and personal international business experiences etc. The average time of our interviews is around 65 minutes.

3.6.2 Secondary Data

In this paper, we include company websites, annual reports and data shown on third-party marketplaces, for the reason that in the case studies process, we need multiple sources except interviews to acquire credible data and these second data allow us to check the facts mentioned by interviewees. Company websites present an overview of the background and details of participating companies that may be useful in our analysis. Companies’ annual reports also provide comprehensive information, including financial statements, from which we can learn the actual performance on companies’ profitability under deglobalization trends. The third-party marketplaces such as Ebay, Taobao, JD, Amazon and etc. are the main sales channel of some of the interviewees, the sales figures shown on these websites could also be part of the observation on firms’ performance (Saunders et al., 2012).
3.7 Data Quality

3.7.1 Reliability
Reliability is the ability to deduce the same conclusions if the research is replicated (Collis & Hussey, 2014). To improve the reliability of our research, we have recorded all interviews and accomplished transcripts. The observed data is agreed by all group members, transcripts are double checked, and finally, we sent back to interviewees to ensure that the information are accurate.

3.7.2 Validity
Validity means that the result of this research reflects an accurate phenomena under the study. Both primary data and secondary data are gathered to increase validity in this research. The review of previous studies offers us understanding on this field and assists us in designing the framework of our interviews and in adding various contents and perspectives in data analysis (Collis & Hussey 2014).

3.7.3 Generalizability
Generalizability is a widely existed concern for qualitative research because the sampling size is much smaller than quantitative research. Our research uses a sample of 6 interviewee companies but with a comprehensive characteristic. The companies are selected from various industries, locations with different management strategies. Their customers and partnerships also cover not only Asian but also American and European firms. Therefore, the samples are qualified and reliable to be generalized into a wider context.

3.8 Ethical Considerations
Ethical issues are considered through our research process as ethical considerations play an indispensable part of the research process, from the research problem to reporting (Collis & Hussey, 2014). Firstly, we fully informed our participants their roles, benefits, risks of the interview and purpose of the research, content of the question list and structure of the research group before our interviews started. Secondly, we ensured the privacy of our interviewees. We asked all the interviewees if they want to be anonymous both in the report and in the voices record. Moreover, we made it clear that only group members are able to access the data, therefore, the dissemination of the data is prevented. In data
collection, interviews were done via Skype in a relaxed atmosphere because we made the interviews cherry, did not pressurize and force answers and gave enough time for interviewees to consider. In data analysis, both voices records and transcripts were sent back to interviewees before utilizing the data to ensure that the recorded content is as accurate as their answers, and all the sources of literature were acknowledged and included in the reference list. Regarding the ethical concerns for the reporting of our research, all parts were honestly illustrated and presented based on the truth and reality instead of the plagiarism and the fabrication.

3.9 Data Analysis
We adopted the thematic style of data analysis and we separate the process into six steps. In the first step, we turn the drafts we took during the skype interviews into well-formed transcripts. Then in step two, we sent those transcripts back to the interviewees letting them check whether the information are all accurate and no misunderstanding took place. After receiving the confirmation from the interviewees, we moved on to the third stage. In this stage, we combed the thick information collected from the interview and identified the most relevant information and concepts to our topic as the codes, for example, “network”, “challenges”, “costs”, “internationalization opportunities” etc. When all the codes were identified, we grouped them into different themes, which was the fourth stage of our data analysis. This was followed by step five, where we display our findings. To display them more persuasive and concise, we illustrated the frequencies of theme appearances by graphs and combine quotes from the interviews with our rudimentary interpretations adhering to the logic flow. We also found some consistencies among samples as well as inconsistencies. In the last step, we dig deeper into the data and analyze the data in aggregate dimensions. We combined and contrasted the empirical findings from data collection with our theoretical framework. Ultimately, we summarized our analysis and the summaries were used to achieve generalizations so that we can refine the existed theories (Miles & Huberman, 1994).
4. Findings

4.1 Briefcase Background

4.1.1 Company A

Company A is established in 2008, a small exporting trading company in China. It specializes in exporting medical and health products including first-aid products, surgical dressings, wound plasters, disposable surgery catheters, and medical sterilization packaging and homecare products. It has engaged in the line of healthcare and medical products in China and its objective is to build a comprehensive supply chain to provide convenient service for global customers and build a well partnership with Chinese manufacturers. It has 12 employee and offices in Guangzhou. Most of its customers locate in America. The founder and chief executive officer was interviewed to tells us the internationalization story of her company and the current challenges it has under the trend of deglobalization.

The founder of company A mentioned that networks is the main approach to access potential customers and international opportunities. The company decided to cooperate fully after an initial trial with its channel partners in the United States at the initial stage of internationalization. Now the company is mainly focusing on business networks. From the perspective of the founder of company A, credibility and trustworthiness is regarded as one of the most crucial factors of selecting a business partner in internationalization. This is because she thinks that everyone prefers working with someone who are honest and responsible, and she believes that to cooperate with companies who can form profound trust-relationship would be her best choice to work with. Meanwhile, the abilities of partner companies are also considered by company A before establishing a business relationship, include the vision and competitive advantages of the partner companies. This is because Chinese SMEs always try their best to avoid risks. They require their international partners to have flexibility, which is measured by adequate capital and long-term vision.
4.1.2 Company B

Company B is an import and export company with the business of aquatic food products. The company strives to provide high quality services to their customers. It has about 20 employees now and customers are mainly from America. We interviewed one of the founders of this company for our research.

Networks and internet are the two main approaches for company B to enter the international market at first. It sometimes tries to contact its potential customers through searching information on the internet since this approach is the most cost-effective. Company B has both long-term and short-term networks. From the perspective of the founder, the premise of doing business is interacting with people. He suggested that he builds networks with the clients, and the clients become his friends after several collaborations. This is an important way for company B to access more customers. Simultaneously, company B has been trying to work with the government such as the Ministry of Commerce. This is because they think that comparing with commercial partners, the government has unique resources and information about exporting business. When asking the selecting criteria for business partners, the interviewee also mentioned that credibility and trustworthiness is a key factor. Because the credit situation and the good ability to pay of most American companies can make the company reduce the risk and recover the money as soon as possible. At the same time, it can worry less when cooperating with some American companies deeply. Another key factor of selecting business partners is the relevant international experience or background. With those valuable experience, companies could reduce the probability of information asymmetry and improve their international performance. Our interviewee mentioned that if the partners have been involved in some international business organizations, then it will be considered as a bonus mark when the company decide to make cooperation with them or not because from that the company can know the partners’ scales and strengths, especially about their financial ability. The probability for the company to gain success will be increased a lot.
4.1.3 Company C

Company C is an aquatic food company specializing in the procession and sales of aquatic products. Its products export to most of the European and American countries, and even some Asian countries as well. The deputy manager of this company who has worked in this company for more than 4 years was interviewed.

One way for company C to identify new customers is to attend trade fairs around the world and it usually focuses on finding export partners. Our interviewee explains that the intense domestic competition is a trigger for it to do so, so it aims to establish low risk collaboration from this platform. Meanwhile, the interviewee emphasizes that the credibility and trustworthiness is the indicator for it to consider about developing future cooperation. Comparing with short term profits, it always keeps eyes on long term cooperation, so it pays more attention on the firm’s reputation. Another requirement for partners is sufficient resources as mentioned by the interviewee. Conducting business with those companies who have sufficient resources and capitals allows small businesses to complement its shortcomings. For company C, it shares useful information and resources with its partners and even gain relevant skills or technology to complement its disadvantages.

4.1.4 Company D

Company D was established in 1983 and its business is about processing aquatic products such as fish, shrimp and shellfish. Its products are sold to America, Canada, Japan and other countries. The company is well known for its products’ high quality. The company’s business manager was interviewed for this study. His daily tasks is about managing the relationship and networks with their customers.

Our interviewee mentioned that searching on the Internet was also their choice to approach new customers because of low cost, but now company D prefer trade fair as it provides more opportunities and convenience. An important parameter for Company D to determine the location of their partners is the situation of host countries national economy since a steady national condition could reduce the uncertainties and measure a relatively high average level of business ethics. In addition, the business manager mentioned that they prefer to develop long term partnerships because it brings stability
and convenience for both parties as they are familiar with each other, and their operational costs could decrease a lot. The goal and objective for them is to sustain their business more stable and smoother by having a long-term business relationship.

4.1.5 Company E

The company firstly founded in 2005. Processing, export and sales of deep-sea aquatic food products are its mainly business. It has an export business around the world, and its customers are mainly located in America. “Nutritious, Safe, and Fresh” are its product appeals. Its annual sales up to 150 million Chinese yuan. One of the top managers of this company was interviewed for our research study.

According to the company’s internationalization experience, it often attends international trade fairs to get access to international customers. It turned to the international business because the domestic competition has been intensive and the demand for seafood in western developed countries is relatively stable and long-lasting with significant scale. Since the cash flow of Company E’s international business is relatively huge for a SME, it pays much attention to the payment credibility and financial condition to reduce risk and uncertainty. Moreover, it also prefers to work with partners who shared a common language to diminish communication barriers. Company E now is focusing on social/personal networks. Its CEO has his own relationships with several family businesses through his own family background, therefore, company E got some international business opportunities introduced by it.

4.1.6 Company F

The company is a high-tech modern enterprise engaged in the diversified development of health concept communication and health product production and sales. It provides a full range of health protection by providing diversified products and services such as nutrition and health care, beauty and skin care, daily chemical products and household products to meet the world’s comprehensive healthy demand. Company F’s products are exported to other Asian countries, America and EU countries, while using the third-party websites such as eBay and Amazon to retail its products. The interviewee of this company is the companies’ overseas business sales manager.
During the initial stage of internationalizing its business operations, Company F tried to proactively contact potential customers. One way of conducting this operation was searching on the internet and try to get connection with them. As the interviewee said, this was the way of finding the customer with the lowest cost. The other way was to open online stores on the third-party websites such as Alibaba and eBay, which means the firm has been directly retailing its products and services to the end customers. Now company F has long-term mutual business networks. This is because the company thinks that mutual benefits motivate both entities within a network to maintain the relationship. Company F is also working on social/personal networks. Its customers’ word-of-mouth can be viewed as a kind of informal network which helps it to attract more customers, and this is rather important for gaining access to new overseas companies with the lowest cost. But usually, this word-of-mouth effect only takes place in the local Chinese communities, especially in the US or some countries with the intensive Chinese population. Moreover, company F would like to build up a long-term partnership with overseas companies with profound trust-relationship and competitive advantages in local markets. In addition, company F believes that shared language and cultural background is an important factor. Therefore, although a larger part of its customers are from the US and EU countries, it tends to maintain a long-term relationship with other East Asian firms especially Japanese firms.

All of our interviewees have mentioned that networks is their main method to access potential customers and internationalization opportunities. The specific quotation of each type of network is listed in Table 3.
Table 3 Quotations of different types of network.

<table>
<thead>
<tr>
<th>Network type</th>
<th>Company</th>
<th>Quotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Network</td>
<td>Company A</td>
<td>“Our company decided to cooperate fully after an initial trial with our channel partners in the United States. Now our company is mainly focusing on business networks since it is more beneficial for our company.”</td>
</tr>
<tr>
<td></td>
<td>Company B</td>
<td>“We have both long-term and short-term networks. The premise of doing business is interacting with people. We build networks with our clients, and our clients become our friends after several collaborations. This an important way for us to access to more customers.”</td>
</tr>
<tr>
<td></td>
<td>Company F</td>
<td>“We have long-term mutual business networks. Mutual benefits motivate both entities within a network to maintain the relationship.”</td>
</tr>
<tr>
<td>Social/Personal Networks</td>
<td>Company D</td>
<td>“Some of my clients are introduced to my company through my friend as a referrer. She has access to rich resources in this industry and helps to network to find more potential customers.”</td>
</tr>
<tr>
<td></td>
<td>Company E</td>
<td>“... our CEO has his own relationships with several family businesses through his own family background, therefore, we got some international business opportunities introduced by them.”</td>
</tr>
</tbody>
</table>
|                       | Company F | “Our customers’ word-of-mouth can be viewed as kind of informal network which help us to attract more customers, and this is rather important for gaining access to new overseas companies with the lowest cost. But usually this word-of-mouth effect only takes place in the
Institutional Networks

| Company B | “We have been trying to work with the networks with the government such as the Ministry of Commerce. Comparing with commercial partners, the government has unique resources and information about exporting business.” |
| Company C | “Some of our partners are from the public sector. It is worth working on building relationship with them because of the rich opportunities and resources that they can bring you.” |

4.2 Challenges of Internationalization under deglobalization

Figure 2 Frequency of each theme of challenges of internationalization under deglobalization.

4.2.1 Economic Barrier

Our interview data has shown that the deglobalization brings financial burden for exporting companies who having business with the United States. Some companies said
that the costs have been increased a lot. As the managers of our interviewed companies expressed:

“We have to increase our product price because of the increased cost. The most affected product is a sterilization pouch. The tariff was changed from 0 percent to 10 percent of the value of the goods. The posed tax also leads to the increase of logistics costs, which is the ocean freight cost.”

“Due to the trade war between China and USA, the tariff has increased a lot, we even have to pay a 25% tariff now. So, our total cost increased then we have to raise the price of our product... but the risk and uncertainty we have to face have increased as well because the turnover speed slowed down...”

Apart from the increased tariff, the increasing cost of raw material is also a challenge. This is how one of the food exporting company expressed:

“Prices in China are increasing day by day.”

Other companies that faced economic barrier said that their profits have been reduced. Some interviewees have mentioned that their speed of turnover and business volume have decreased substantially. This is a prominent effect most of Chinese SMEs have been influenced under the trend of deglobalization. Some of the interviewees said:

“...as our price increased about a quarter, there is a substantial drop of our business volume.... our ability of recovering money has been influenced as well...”

“Our trading volume has dropped almost 50%... we just had three million turnover last year, but in the year before the last year we almost got more than six million turnovers...”

“...we have to find other ways to expand our business as the huge loss which the trade war has brought to us is catastrophic...”
4.2.2 Lack of Information

Our interview findings show that one challenge of deglobalization facing by SMEs is the lack of information. An exporting company which has little knowledge of overseas markets mentioned that:

“Since we have no opportunity to communicate with our customers face to face, we may be unable to understand the real situation and demand of customers.”

One of the companies mentioned that it feels that there is a need of obtaining sufficient information, this is how it expressed:

“We were looking for customer online at first, but we could only accessed to large-scale retailers. It is hard for us to find appropriate individual customers such as small retails or stores without enough information in the host country.”

Another company also mentioned the problem of insufficient knowledge because it knows little about the host country and this is what the interviewee answered:

“Though we can find a lot of information online, but it is really hard for us to find the updated and specific information about the local market.”

4.2.3 Losing Customers’ Confidence

Under the serious situation and context, despite some tangible effects, SMEs also have to face some intangible effects. Customers aim to cooperate with some stable companies, so they start to be suspicious of the prospect of Chinese SMEs. One of our interviewee mentioned that:

“Even though our selling product is not on the tax list, some of our customers still have some potential worry… and then they will look for some substitutes which a big loss for us is definitely.”

“…they all want a stable business partner, so the current economic and political changes lead them to start losing trust from us and even use this as an excuse to stop the business transactions between us…”
4.2.4 Political Change

During deglobalization, our data suggests that the unstable political situation may lead to political changes and bring barriers to companies. This is because the political changes may influence the exchange rate and carry out policies that negatively affect the business of exporting companies. This is how the interviewee of the company expressed:

“From the economic perspective, changes in the exchange rate and trade policy bring us the risk of profit reduction, then we have to increase the product price. Meanwhile, there do exist ‘discrimination’ policy, which are unfriendly to Chinese exporting companies.”

4.3 Impacts of Networks under deglobalization

Figure 3 Frequency of each theme of Impacts of Networks under deglobalization.

4.3.1 Information Communication

Our empirical findings suggest that networks promote the share of information between companies within a partner network, especially the information needed in the process of decision-making and strategy development. This is illustrated by some interviewees:

“The flow and share of information improve the parameters of our company’s decision-making. We keep in touch with our partners to get to know the current demand of the host country and provide them our current supply information instead.”
“...their (foreign partners) information is much more complete than us, especially on technology aspect, so we can save some time in the process of innovation development and strategy formulation... and even have a better performance in the market...”

Other two companies have similar answers, which suggest that they gather more information about the host country through communication with their partners. As expressed by the interviewees from those exporting companies:

“I would say that I don’t know how we can get through those barriers without the information provided by our partners. The efficient and immediate communication between our company and our partners enable us to act to respond to the change on trade policy. Our network has been lasting for years.”

“Our partners help us to reduce compliance risk by providing us the local market rules and regulations and by updating the change of local policies associated with imported products.”

The communication of information with partners can also makes their relationship more stable through trust building. According to our interview, one company mentioned that:

“We also think that sharing information with our partners can stimulate our partnership. We believe that the cooperation is based on trust, and trust is built through communication.”

“...when we start to share that useful information, our relationship will be more solid... and then we can maximize our profits together. This is not just a simple buyer-seller relationship, it is a win-win situation.”

4.3.2 Access to New Customers

During the process of internationalization, our findings suggest that networks assist companies in expanding markets and gaining more orders through networks. Some responsible partners will act as a referrer to introduce some focal companies which may be developed into potential customers to networks. As described by founders of our interviewed companies:
“I would say that our partners provide opportunity to help us at this stage. Some of our clients are introduced through them as they are well-connected in this industry in the host country.”

“As we are familiar with each other, we then become more reliable to each other. We will start to work together to figure out the challenges and difficulties. With their help, we can expand our business in some new markets and acquire more customers and efficient resources.”

“Network is always important to us... it can provide relevant information and opportunities to us at the first time if there are any changes...”

Another similar answer from one company also proves that networks can help companies to win more customers. The interviewee from this company mentioned that:

“Our partners are very good at marketing and have a wide range of resources in the industry, they really help us by building brand reputation and increase brand influence. Thanks to their help, we obtain competitive advantages compared to our competitors as our potential customer has created a sense of dependency of our brand.”

The answer from another company shows that a stable network can ensure a stable customer. This is how the interviewee of the company illustrated it:

“Our biggest returned customer is also our partner. We have been cooperating for years and now we have stable long-term relationship.”

4.3.3 Cost Reduction
Our findings prove that networks enable the companies to cope with the challenges in the process of internationalization through cost reduction. As expressed by one founder of the company:

“Good partnerships are effective in saving costs. Only with the support of these relationships, we can survive, move on, and forge ahead.”
Since the trend of deglobalization brings difficulties for companies to earn profits when carrying out its exporting business, another company shows that its overseas partner has been helping it to find new product code to reduce tariff. It reduces not only the material cost but also risk of customs clearance. This is how the interviewee from the company described it:

“Since the United States introduced the tax on Chinese goods, we have been working closely with our partners to reduce costs and gain price advantage compared to competitors.”

Another company has a similar answer, which also suggests that companies can reduce costs through networks in the trend of anti-globalization. As expressed by the interviewee of the company:

“Our channel partners try their best to help us to minimize the logistics cost, and we will also give them some benefits in return. No partnership is permanent without benefits.”

4.3.4 Reliable Support

Because of the particularity of the Chinese market, Guanxi cannot be neglected when they develop their business partnership. With the help of a close relationship, Chinese SMEs could have more channels to overcome challenges because they will support each other at the greatest extent. Some of our interviewees mentioned that:

“It’s really important to have a close partner with you because when you get familiar with them, you can trust each other by hundred percent... when there are short term problems, both of us will try our best to keep balance and overcome it.”

“... especially when we face some new challenges, we can get support from each other. This is vital in the process of internationalization because we can face the problem and take the responsibility together.”
5. Analysis

5.1 Network
Multiple types of network help SMEs not only to get access to internationalization opportunities in the initial stage but also to sustain the international business operations after firms are internationalized (Bose, 2016; Chetty & Stangl, 2010; Coviello & Munro, 1997). Moreover, companies should have the ability to develop new networks in host countries (Loane & Bell, 2006). Our findings suggest the same important role of the networks. The types of networks introduced by the interviewees perfectly match our theoretical framework, which refers to business networks, social networks and institutional networks.

5.1.1. Business Networks
In the existing theories, the business networks refer to the inter-firms relationship and interactions (Oparaocha, 2015; Slotte-Kock & Coviello, 2009). Our findings confirm that interviewed SMEs mainly focus on the business network and keep them either in long-term or short-term, and mutual benefits are the cores of relationship maintenance. Moreover, data also indicates that SMEs establish networks with suppliers and clients, which fits the previous research outcomes that business networks always welcome the third-parties such as suppliers, customers and third-party developers (Wood, 2009).

5.1.2 Social Networks
Social networks concern the networks or relationships achieved from both individual and inter-organizational levels (Slotte–Kock & Coviello, 2010). These social ties can contain friends, family businesses and other informal networks, as mentioned in the data. Noticeably, one of our interviewees mentioned the word-of-mouths effect in local Chinese communities in host countries, which in turn, matches Rauch and Trindade (2001) study that in Chinese Guanxi network the information is thicker and community sanctions can eliminate opportunistic behavior.

5.1.3 Institutional Networks
In the literature, the institutional network is the connection with government agencies and targeting at improving knowledge capacities and resource control (Udomkit & Schreier, 2017). The findings demonstrate that Chinese SMEs often strive to find partners in the
public sector, thus achieving more resource allocated by the government, especially in the context of getting government support through industry internationalization policies. Our theoretical framework provides the same information that the legacy of Bureaucracy exists in the emerging Asian market, so governments intervene the economies to a great extent (Sheng, Zhou, & Li, 2011; Uhlenbruck, & Eden, 2005; Zhu, Hitt & Tihanyi, 2007).

5.2 Challenges of Internationalization under deglobalization

5.2.1 Economic Barrier
In our literature review, one of the major difficulties that faced by SMEs in internationalization is the economic barrier (Rahman, Uddin & Lodorfos, 2017). The research of Zamberi Ahmad (2014) points out that SMEs in emerging markets lack financial resources to expand internationally. However, our research suggests that the economic barrier companies meet comes from the increasing costs and reduced profits in internationalization in deglobalization context. Increasing costs include the cost of raw material, which is caused by the domestic inflation, the cost international logistics, and the import tax, which is caused by deglobalization. To cope with the rising total costs, our study describes that the companies take the action of increasing their product prices since they lose the competitive price advantage, this increases the risks and uncertainties faced by those companies, such as the loss of customers and orders. Evidence from our research proves that the companies have been earning fewer profits under the deglobalization because the increasing product price leads to a lower speed of turnover and business volume. In our research, the trading volumes of companies have decreased dramatically, and the decrease is up to 50 percent. Our interviewed companies think that the expansion of business is now in urgent need for the compensation of economic loss.

5.2.2 Lack of Information
One focus of our literature review was on various challenges that SMEs meet during the internationalization process. Zamberi Ahmad (2014) points out that the insufficient market information is one difficulty of internationalization of SMEs in emerging markets and this is in accordance with our findings. Companies are not familiar with overseas market practices and rules (Zamberi Ahmad, 2014). Our findings prove that it is a challenge for companies to find customers before their partners provided them
information about marketing channels. Moreover, our research finds that companies have been experiencing a hard time to identify the customer demand because they hardly have opportunities to communicate with their end customer face to face. This is explained by Rahman, Uddin and Lodorfos (2017), as a social barrier, companies may not understand the foreign customer need because of their differences in socio-cultural habits and features. Meanwhile, evidence from our participating companies proves that having insufficient information may result in potential legal problems. It can also be referred to institutional barriers, which are caused by legal are political factors (Rahman, Uddin & Lodorfos, 2017).

5.2.3 Losing Confidence of Customers and Partners

Our research suggests that there is a risk for companies to lose potential customers under the trend of deglobalization in internationalization. Though some products are not required to pay the tax, the customers are looking for substitutes because of the unstable political situation. Once there is a political change, there might be an increase in the product price. Simultaneously, some overseas partners of companies stop their alliances with them to avoid the loss of their material benefits and start to look for more stable business partnerships. Therefore, one concern for companies is that customers and partners are losing confidence in them under a challenging context in internationalization which has not been discussed in previous research.

5.2.4 Political Change

From our research, political changes can be a challenge for companies in internationalization. It is referred to the social-cultural barrier faced by SMEs when entering foreign market (Rahman, Uddin & Lodorfos, 2017). The political changes may cause the changes in trade policy or exchange rates. This may bring various risks and increase uncertainties for companies, and potentially influence their economic profits. Evidence from our research shows that companies also have a concern of discrimination policy followed by political changes.
5.3 Impacts of Networks under deglobalization

5.3.1 Information Communication

From our previous literature review, we know that developing business ties can bring the advantage of sharing information for SMEs internationalization (Zamberi Ahmad, 2014) and our study has just confirmed this point. Compared with those larger enterprises, SMEs have limitations on gaining resources and technology which is the barrier for them to operate research and innovation among the company. With the communication of technological information, SMEs would accelerate their development and revolution which could increase their possibility to achieve competitive advantage in the local market. Thereby, enterprises may obtain a larger market share and achieve prominent business performance. As Chetty and Agndal (2007) and Torkkeli et al. (2012) described, the information that acquired from the partners can bring new chances for SMEs. Furthermore, our evidence also suggests that the accurate information shared by network can help them in formulating suitable strategy which has been found in Pinho and Pinheiro (2015)’s study. As SMEs expand their business abroad, they are unfamiliar with market situation and regulations. A reliable partnership could provide useful information for them to consider the feasibility of their initial strategy. In addition, shared language and similar cultural backgrounds are preferable features of network partners, because they can diminish the communication barriers. As mentioned above in social network, shared language helps to provide more information, better matches the buyers and sellers and avoid opportunistic actions (Rauch & Trindade, 2001), while similar cultural background like Confucianism contribute to create harmony and keep both parties in the same pace. For instance, our data shows that Chinese SMEs tend to keep long-term partnership with Japanese companies.

Especially under the serious trend of deglobalization, any changes in political and economic aspect policy may bring significant impacts on SMEs. Therefore, in order to minimize the risks and loss, the formulation of flexible strategy and eliminating communication barriers to get accurate information seems quite important for those small enterprises during internationalization since they cannot afford the potential cost caused by deglobalization.
Our collected data also mentions that sharing information with partners has a positive impact on their developing closer relationship which has not been discussed in the existing studies. When they start to proceed information communication, trustworthiness has emerged between them which is an inducement for them to develop long term cooperation. Therefore, they will collaborate to achieve long term benefits and plan.

5.3.2 Access to New Customers

Existing research studies have discussed business ties could provide unexpected opportunities for SMEs in the process of internationalization (Torkkeli, Puumalainen, Saarenketo & Kuivalainen, 2012). Our study has a similar result to this. Partners with good reputation always hold abundant resources of networks. In the process of cooperation, especially for those long-term relationships, enterprises have the opportunities to expand their business scale and develop new business models by approaching newly developed partnership through their existed partners. Thus, those small and medium enterprises may have a wider development prospection with the help of their partners who contain the stronger ability and the higher reliability. This is aligned with Chetty and Stangl (2010) finding that multiple types of business ties could build up and shape SMEs’ future. Indeed, the more markets SMEs have entered, the easier for them to get survived in the trend of deglobalization because they have more options to choose to conduct their internationalization activities. Even though some SMEs may need to shut down their business with USA partners due to the trade war, they still can generate profits from other markets which can complement the loss in USA markets.

Our evidence also suggests that when companies have the opportunity to access to new partners, they can also attain efficient resources. This is matched to the previous finding that to obtain the actual advantage, SMEs should be able to approach partners efficiently which allow them to derive the most valuable resource (Coviello & Munro, 1995; Johanson & Vahlne, 2003; Mort & Weerawardena, 2006; Tang, 2011). This can be illustrated that when SMEs develop business ties, an appropriate partner could save their energy and time. With deglobalization trend, SMEs should respond expeditiously to any uncertainty changes. Therefore, their decisions about establishing the right relationship can help them to acquire the most efficient resources that can complement their own
disadvantages in order to confront the challenge of deglobalization while sustaining their international business.

5.3.3 Cost Reduction

Our data shows another advantage for SMEs to form relationships is the cost reduction, such as on the logistics aspect, in the process of their internationalization. This is in accordance with the finding of Li and Qian (2007). They explore that part of risks and costs of developing business in unfamiliar markets can be shared by the strategic alliances formed by SMEs. The impact of this advantage has been strongly highlighted in the current context. With the price advantage, SMEs could have a higher probability to survive and operate under anti-globalization trend compared with their competitors.

An interesting finding of our research is that even though total costs could be diminished in some extent, both parties are still driven by the profits first which has not been mentioned in the previous research. In the premise of ensuring their own sake, partners will strive together in order to achieve a win-win situation for both of them.

5.3.4 Reliable Support

Because of the particularity of the market culture, Chinese SMEs usually develop the interpersonal relationship with their partners (Jeong et al., 2017; Hitt et al., 2002). Our collected data reflects that close relationships make them to be familiar with each other, so when SMEs face the difficulties from the trade war, they can trust their partners and be mutual support with each other to overcome that. This is aligned with Udomkit and Schreier’s (2017) work which concludes that when a partnership becomes into a “friendship”, this business network will be the most trusted one. The anti-globalization movement makes SMEs having to be prepared for the uncertainties and instability if they still want to perform in the global stage. A closer personal relationship provides more convenience and reliable support to SMEs which help them to conquer the challenges result from deglobalization while maintaining their international activities.
6. Conclusion

To answer our research question, we found that for emerging Asian market SMEs, developing networks could help them to gain relevant information, have more opportunities to expand their business, decline total cost and attain dependable support in their process of internationalization with the tendency of deglobalization.

Under the trend of deglobalization, some challenges faced by emerging market SMEs in their process of internationalization become prominent. SMEs usually face some financial constraints in the process of expanding international markets which are triggered by lacking sufficient financial resources and capitals. While in the context of deglobalization, it is a harder time for SMEs to maintain their profitability due to the increased tariff. Subsequently, emerging market SMEs need to face higher uncertainty and risks which result in losing customers’ patience and confidence. As a consequence, the economic status of the global market is even worse under the trend of deglobalization, and emerging market SMEs’ financial situations are more serious.

Presented in previous research studies, when emerging market SMEs enter international markets, developing network could help them attain diversified resources, reduce investment costs and uncertainties, and identify potential markets and customers. When weighing our research findings and outcomes, the role of the networks for emerging markets SMEs in the process of internationalization takes a similar position when there are more challenges resulted from deglobalization trend.

However, the following four impacts networks have on Asian SMEs become more prominent and pivotal to assist SMEs in overcoming the deglobalization challenges: 1) information communication, 2) access to the new customers, 3) cost reduction and 4) reliable support. The most reasonable interpretation for our result is that these would be the four most important aspects that Asian SMEs would require to support them in order to survive in the international market under the deglobalization trend.
7. Discussion

7.1 Implications

Empirical findings from analysis of six exporting companies respond to our research question in this paper that identifies how networks affect the internationalization process of emerging market SMEs under the trend of the deglobalization. However, there is no big difference about the role of network for emerging market SMEs when there is a specific deglobalization context or not. One possible explanation could be the effect of network for SMEs internationalization has been exploited to a great extent. Consequently, as the challenges of expanding international markets become tougher, the importance of network becomes more prominent, especially for those emerging market SMEs who lack the ability to afford relative uncertainties and risks.

From the academic and theory perspective, this report aims at raising the awareness of this imminent deglobalization trend and advances the study in the field of emerging markets SMEs internationalization by clarifying the challenges in internationalization under the current trend of deglobalization and the impacts of networks within internationalization research. For emerging Asian market SMEs internationalization, the existing literature mainly talks about their international operations in other Asian countries or co-ethnicity groups. However, it is interesting that our findings indicate that some Chinese SMEs tend to establish more long-term relationships with Western businesses whose culture are not similar to Eastern Asian culture. Nevertheless, this finding does not necessarily be opposite to importance of the cultural factor mentioned in the existing literature. For SMEs, the national economy is a standard mentioned several times during data collection, for the reason that developed countries with steady national condition measure the safety of cash flow between partners and operators in the developed countries are believed to have better sense of business ethics. Further, our research might provide basic information and theoretical framework for potential models explaining how networks contribute to SMEs survive when facing various anti-globalization interference. Moreover, since the existing literature on deglobalization is so far mainly studied on a political level, our findings provide an understanding of how it affects companies from an organizational level.
From the practical and managerial perspective, our research can bring several implications to entrepreneurs of SMEs in emerging markets. A vital implication of our conclusion for decision makers is that they may consider developing appropriate networks to overcome the various challenges they meet in their internationalization process. The first contribution of the present research is that it enables entrepreneurs to understand what networks can provide them to overcome the challenges they meet. The second contribution of our research is that it offers a comprehensive theoretical background of internationalization and networks that assists in the decision-making process and internationalization strategy. Furthermore, the research is meaningful for entrepreneurs of SMEs in developed markets. Taking a glance at the situation in the emerging market, entrepreneurs in developed markets can learn the experience of how emerging market SMEs utilize networks to further improve their internationalization strategy. Lastly, the implication of this study is that governments and institutions may recognize how they can help SMEs in emerging markets to overcome the challenges under the trend of deglobalization through networks.

### 7.2 Limitation of Study

The sample we chose in our research study is limited to the Chinese SMEs who conduct international business with USA partners. Therefore, a specific setting is determined in this research. However, with the tendency of deglobalization, there should be more abroad markets that need to struggle with the challenges. A deeper understanding of different contexts and other types of deglobalization could broaden the perspective of this research and enrich the findings.

Moreover, the number of interviewees from each company is also limited in our study. Interviewing more participants could enrich the information we collected and assist us in obtaining a general understanding of each SMEs’ situation and business operations. However, our sample companies are small firms and our interviewees are all from upper management level who have a good overview of company’s business activities which overcome the limitation of our research to some extent.

As presented in method session, our sampling companies are limited to three industries which are medical equipment, food and health care. So the potential disadvantage of
having limited number of industries is the research findings are only limited to these three specific industries as well. From our research in these three different industries, we found networks play similar roles in Asian market SMEs internationalization in different industries. Therefore, researching on emerging Asian market SMEs in other industries could add wider and deeper findings. Thus, studies in other industries could be seen as a future research emphasis which allows scholars to provide a more detailed and multidimensional finding in this research area.

7.3 Future Research

SMEs in emerging markets is still a research area requiring more studies, and networks have a vital role in SMEs’ internationalization process. The trend of deglobalization is a novel topic which allowing the future research can focus on various aspects. As stated earlier, our research just focuses on the SMEs that have businesses with the United States but there may have different situations in various contexts. For instance, looking at the impact of networks on Western SMEs that conduct international business under the trend of deglobalization could be one possibility for future research since the meaning and importance of network may not be identical in different cultural background.

Moreover, since our study is based on a relatively small number of samples, we suggest future research to test our findings with larger number of samples in multiple industries. To dig deeper impact of networks, further study can research on to what extent different types of networks impact the performance of companies. To better understand the roles of different types of networks enables decision-makers to choose appropriate networks to cope with various challenges in the context of deglobalization. In addition, future research can examine how companies adjust their network strategy under the trend of deglobalization. Understanding the adjustments of the network strategy under a different situation provides the decision-makers practical insights, which help them to reduce uncertainties and risks, and to obtain more resources when it comes to deglobalization.
Reference List


**Appendix 1**
Interview Guide（In English and Chinese）

1. Could you please introduce your company briefly?

您能简单介绍一下您的公司吗？

2. What is your role in the company?

请问您在贵公司的职务是？

3. What is the history of the company’s internationalization experience? And where are your customers located?

请问贵公司有哪些国际化经验？主要客户来自哪里？

4. What is your main foreign operation mode?

请问您的海外运营模式是怎样的？

5. Why do you use this operation mode?

请问您选择此运营模式的原因是？

6. Why do you do business with customers in these countries in particular?

请问您选择与位于这些国家的客户进行业务往来的原因是？

7. What are the main challenges that you experience in internationalization?

请问您在国际化过程中遇到的主要挑战是？

8. How do you choose your export partners?

请问您如何选择出口贸易合作伙伴？

9. What are characteristics of a good export partner?

请问您认为一个合适/优秀的出口贸易合作伙伴需要符合哪些特征？
10. How would you describe the relationship with your export partners? (follow up with asking things about: duration of relationships, would they describe it as purely business relationships?, etc)

您如何描述与您的出口伙伴的关系? 关系的持续时间是? 请问您认为您与出口伙伴之间是纯粹的业务关系吗?

11. Which other types of relationships or partnerships are important for your internationalization process?

哪些其他类型的关系或合作关系对您的国际化进程很重要?

12. What are the characteristics of this relationship? and how did these relationships develop?
   - Is it a long-term relationship?
   - Are there prerequisites for a short-term relation to develop into a long-term relationship?
   - How would you describe the relationship (purely business, friendly, family)

这种关系有什么特点? 这些关系是如何形成的?
   - 这是一个长期的关系吗?
   - 短期关系的先决条件是发展成长期关系吗?
   - 你怎么描述这种关系 (纯粹的业务关系, 友谊关系, 家庭人际关系)

13. How do these relationships influence internationalization?

这些关系如何影响国际化?

14. How is your business influenced by the trade war between the US and China?

请问您的业务如何受到美中贸易战的影响?

15. If yes, are there specific challenges that arise?

请问是否出现具体的挑战?

16. How do you deal with these challenges?
请问您如何应对这些挑战？

17. Do you have experience with other situations, like the trade war with the US, which reduced the ease of international trade? If yes, can you describe such a situation?

您是否有其他情况的经验，例如与美国的贸易战，这减少了国际贸易的便利性？如果是，请跟进：您能描述一下这种情况吗？

18. How does your network help in overcoming challenges? For examples?

请问您的伙伴网络如何帮助克服挑战？可以举些例子吗？

19. Which type of relationships are especially useful in the current situation? Is it a long term or short-term relationship? Do you have a close interpersonal relationship with them?

请问哪种类型的关系在目前的情况下特别有用？
它主要是长期还是短期关系？
这纯粹是商业关系还是更个人化？

20. How important is your network in overcoming the challenges that you experience as compared to other actions that you have taken?

与您采取的其他行动相比，您的伙伴网络在克服您遇到的挑战方面有多重要？