

Japanese Small Business Owners/Managers: A Study of Business Information Sources and Training Programs Revisited- Twenty Years Later Part I

Kenneth I. Tsuye*

Abstract

This study investigates training procedures in Japanese SME¹⁾ (small medium enterprises), asking the following questions: How will business owners/managers rate the perceived importance of training programs they have attended? What relationships exist between the perceived importance of the training programs and demographic variables?

Key words: Japanese SME, small business, business information sources, training programs

1. Introduction

In 1995, similarly, a descriptive-correlational approach was utilized to describe the characteristics of a sample population surveyed in a doctorate dissertation titled: “Japanese Small Business Owners/Managers: A Study of Business Information Sources and Training Programs The following study was subsequently executed twenty years later. Part II of this study will emphasize the research methodology, describing the characteristics of the sample taken between 2014-2015.

Background of the Problem

This study investigated training procedures in Japanese small business, asking the following questions:

- (1) How will the business owners/managers rate perceived importance of training programs they have attended?

- (2) What relationships exist between the perceived importance of the training program and the demographic variables

2. Statement of the Problem

Kiesner (1989) launched a series of significant research studies of American entrepreneurs and educators in an attempt to understand the special situation of entrepreneurs as consumers of formal and informal education and training programs. These studies focused on training and education programs for practicing entrepreneurs and small business owners who were not enrolled in traditional college courses. Those results are well documented by Tsuye (1995).

Twenty years later and again building on Kiesner's (1990) research, using a population of Japanese business leaders, this study addressed the following question: “What insights could be gained by questioning Japanese entrepreneurs and small business owners about their specific training and educational needs?”

* Associate Professor, Hiroshima University of Economics, Hiroshima, Japan

3. Purpose of the Study

The study's objective was threefold: First, to provide a basis for further understanding the sub-field of small business training in Japan; Second, to attempt to amend any framework and/or curriculum since 1995 that Japanese small business owners and managers utilized within their education environment and also further explore informal training programs that were developed to accommodate the needs small business owners/managers; and Third, to analyze a post-1995 list of subject areas in small business curriculum which needs to be included in Small Business Training courses.

4. Research Questions

The following research questions (RQ) were addressed in this study:

RQ1. What significant relationships exist between the reported amounts of training received by owners/managers and the following demographic variables?

- A. Age
- B. Level of education achieved
- C. Number of prior business managed or owned
- D. Number of current employees
- E. Gender
- F. Business failure, if any

RQ2a. How will the business owners/managers rate the importance of receiving training in each of the following areas?

- A. Marketing – product development
- B. Advertising – public relations – promotion
- C. Business site location
- D. Import – export for small business

- E. Business law – contracts
- F. Computers for small business
- G. Inventory control, production control
- H. How to buy or sell your business
- I. Leading and managing people
- J. Incentive plans, retirement plans, etc.
- K. Access to capital – preparing a loan package
- L. Understanding financial statements
- M. Accounting, bookkeeping
- N. Tax Planning

RQ2b. What relationships exist between the perceived importance of each of the above training programs and each of the following variables?

- A. Length of ownership/management in the present business
- B. Age
- C. Amount of business training received
- D. Business failure, if any
- E. College attendance, if any
- F. Number of prior businesses managed or owned
- G. Number of current employees

RQ3a. How will the owners/managers rate the usefulness of each of the following resources in their businesses

- A. Business magazines
- B. Accountants and/or lawyers
- C. Consultants
- D. Colleges and universities
- E. Customer advice
- F. Banks
- G. Chamber of Commerce
- H. Trade associations
- I. Advice from suppliers
- J. Japan's equivalent to the U.S. Small Business Administration
- K. Large organizations' executives

L. Other small business owners

RQ3b. What significant relationships exist between the perceived usefulness of each of the factors listed above and each of the following variables?

- A. Length of ownership/management in the present business
- B. Age
- C. Amount of business training received
- D. Business failure, if any
- E. College attendance, if any
- F. Number of prior businesses managed or owned
- G. Number of current employees

RQ4. What other relevant and significant relationships are evident from the data?

5. Scope of the Study

This study involved 307 current or former members of what was then known as the National Federation of Small Business Associations in Japan (Zenkoku Chusho Kigyo Dantai Chuokai) who were either small business owners or managers during the 1995 questionnaire. This study also addressed the need to train small business owners and managers in an attempt to understand the need for specific training in the area of entrepreneurship. The timeline for data collection was March 1, 2013 through July 1, 2014.

6. Importance of the Study

This study was designed to development of an understanding of the needs of small business owner/managers in Japan, as well as the develop an updated framework through which a curriculum for educating the Japanese small business owners and managers could be developed; thus, allowing for the implications that formal educa-

tional environment within the United States may have provided said training. In so doing, this would facilitate renewed development of informal training programs by small business owners/managers in the United States, noting difference with Japan, if any. This study specifically contributed information regarding the perceived usefulness of business factors as well as gathered demographic information that would allow for the development of an updated curriculum specifically designed for the Small Business owner/managers in Japan.

7. Review of Literature

“Entrepreneurship Education in the Nineties” by McMullan and Long (1987) studied “bringing entrepreneurship education into the community...” and discussed such areas as subjects and curriculum to be taught in the United States and who the educators might be. They discussed that students should be forced to use their own creativity by forcing them to...“deal with ambiguity and complexity...” McMullan and Long felt that the subjects and curriculum should focus on hands-on experiences within existing community ventures and that students should learn how to look for existing problems within the small business being studied and arrive at feasible solutions. McMullan and Long listed several subject examples, some which may apply to instructing future Japanese entrepreneurs, such as new venture finance, market feasibility analysis, production design and organization, new market development, new venture planning and expansion strategies. They also specified that educators may be academicians who contribute to the entrepreneur field as practitioners or consultants; and, they felt that practicing small business

owners/managers/entrepreneurs should be brought into colleges and universities to share their expertise with others.

Kiesner (1990) studied how American educators might develop an educational program for entrepreneurs. His study was applicable to the present researcher's Japanese study because it had two similar questions: one compared owner and faculty satisfaction with existing educational and training programs; with this question, it was possible for the present researcher to compare the section with the rankings of the American owners with the rankings given by the Japanese owners. American owners chose accountants and lawyers as their first choice, while the Japanese owners chose advice from the customers as the most important source of assistance in their business. Advice from customers was chosen second by American owners, while the second choice for the Japanese was consultants; it was interesting to note that consultants received an eight ranking from American owners. Both groups gave the SBA and its Japanese equivalent the lowest ranking of twelfth. Colleges and universities were also ranked as a low priority, tenth for Japanese owners and ninth for American owners.

The second applicable question regarded the importance of subject areas for entrepreneurship training and development. For the Japanese entrepreneurs, advertising, marketing and business site location were the top three rankings; however, for the American entrepreneurs, leading and managing people, understanding financial statements and computers were the top three choices for subject areas in training.

Kiesner (1990) concluded his study on post-secondary entrepreneurship education by giving

recommendations for academic action. Some of these recommendations are applicable to this study:

1. Pay attention to your future customers, in this instance, the entrepreneurs; identify what type of education they need and offer it to them in the manner they want it delivered;
2. Owners have a negative view of academic institutions;
3. Avoid educator bias when designing entrepreneurship curriculum;
4. Coursework must be applicable to entrepreneurs;
5. Educators should be practicing small businessmen themselves; and
6. Courses should be short, to-the-point and offered during non-working hours.

Kiesner (1987) also offered good insight into areas which may be transferrable to this study. For example, he surveyed important sources of help as viewed by both, the owners and the educators. The owners negatively ranked colleges and universities, ranking in ninth of twelve choices; consultants also scored poorly, ranking eight among the owners. Among educators, however, colleges and universities and consultants ranked fourth and first, respectively. There was a definite conflicting difference in opinion between the two groups, revealing possible bias by the educators. In the same study, the owners chose group discussions led by small business people and lectures by experts as their first and second rankings, while educators chose specific problem clinics and working with a consultant as the most ideal training method. Again, this points to disparity between the actual needs of the small business owner and the proposed need of small

business owners as seen by the educators.

The main ideas which were applicable to the research regarding entrepreneurship education and training in Japan can be stated as follows:

1. Entrepreneurial activity in Japan dates back to as early as the feudal period (Yamamura, 1972).
2. In Japan, 90% of small and medium businesses have less than 20 employees (Sato, 1989).
3. Thirty-six percent of small and medium businesses are operated by family members and have no other employees (Sato, 1989).
4. World War II brought forth the present intertwined relationship between large parent companies and subcontractors (Sato, 1989).
5. After World War II, Japan experienced a high rate of growth. Many problems arose, among them two oil crisis; this forced the Japanese to adapt their techniques (Sato, 1989).
6. The appreciation of the Yen brought forth 'dollar shock,' forcing the Japanese into a transitional phase whereby they once again adapted their techniques and emerged as a world economic power (Sato, 1989).
7. Japanese small business owners/managers and educators have a different point-of-view when choosing who should educate entrepreneurs and the types of methods to be used (Kiesner, 1988).
8. Entrepreneurship should be thought of as a career and curriculum should begin at the undergraduate level.

Part II of this paper will further emphasize

the implications where these summary points-post 1995.

8. Research Methods

A descriptive-correlational approach was used to describe the characteristics of sample population.

Research Questions

The following research questions (RQ) were addressed in this study:

RQ1. What significant relationships exist between the reported amounts of training received by owners/managers and the following demographic variables?

- A. Age
- B. Level of education achieved
- C. Number of prior businesses managed or owned
- D. Number of current employees
- E. Gender
- F. Business failure, if any

RQ2. How will the business owners/managers rate the importance of receiving training in each of the following areas?

- A. Marketing – product development
- B. Advertising – public relations – promotion
- C. Business site location
- D. Import – export for small business
- E. Business law – contracts
- F. Computers for small business
- G. Inventory control, production control
- H. How to buy or sell your business
- I. Leading and managing people
- J. Incentive plans, retirement plans, etc.
- K. Access to capital – preparing a loan package

- L. Understanding financial statements
- M. Accounting, bookkeeping
- N. Tax planning
- RQ3a. will be covered in Part II of this paper.
- RQ4. will be covered in Part II of this paper.

Description of the Subjects

The sample consisted of 307 small business owners or managers, 92 percent male and 16 percent female; three individuals did not report their gender.

The mean age for the respondents was 53.2, with a standard deviation of 8.1; the ages ranged from a low of 33 years-old to a high of 71 years-of-age.

Further demographic descriptions of the subjects will be revealed in Part II of this paper.

Instrumentation

A questionnaire was constructed by following the guidelines developed by Fox (1969) and Oppenheim (1996). The first section of the questionnaire was designed to collect demographic information about the respondent, such as number of years of formal education, number of years as the owner or manager of the enterprise, number of businesses managed before the present one, number of business failures experienced, number of employees in the firm, and type of business operated.

The second section of the survey solicited the respondents' opinions regarding the usefulness of (and types of) small and medium business training they had received. This section also investigated the respondents' perceived needs for further training and education in the following subject areas: marketing, advertising, business site location, business law, accounting, tax plan-

ning, etc. Respondents were asked to rank each subject area on a seven-point continuum, where seven corresponded to "extremely useful" and one signified "absolutely useless."

Section three asked the respondents about the usefulness of the following business factors and institutions: business magazines, accountants/lawyers, consultants, colleges and universities, advice from customers, banks, Chamber of Commerce, trade associations, advice from suppliers, Japan's equivalent of the SBA, large organization's executives, and other small business owners as was done in 1995.

The questionnaire instrument was placed online via an internet site unlike the postal and/or fax delivered questionnaire in 1995.

Data Analysis

The completed questionnaires were hand scored. The data from the demographic section of the questionnaire were analysed to provide descriptive information about the subject population, including the mean, standard deviation and median. For research questions seeking degrees of correlation, Person r 's were calculated. For the research questions regarding mean differences, students' t -tests were used. The significance level for all tests was $p < .05$.

9. Future Recommendations and Preliminary Conclusion

This section consists of four sections.

Research Problem

The small medium enterprise sector remain a key to revitalising Japan's economy as well as globally. As evidenced by "Abenomics" and the Bank of Japan monetary policies specifically

targeted SME as a key area to stimulate with deflation-breaking policy. It was no less important in 1995 as it is currently that addressing the areas of training and curriculum are expected to be beneficial for Japanese small medium enterprise owners and managers.

Purpose of the Study

The specific research objectives this study were:

- (1) to collect data from Japanese subjects which were applicable to this study as was done in 1995;
- (2) to compare similar research done in 1995 to the data that was collected (2015);
- (3) to analyze the data and determine if it could be combined and focused with the implementation of a post secondary education and curriculum for Japanese small business owners/managers.

Future Recommendations

The role of small medium sized businesses in Japan's economy which ranks as third largest globally, is undeniably rooted in its integral role in sustaining said position. If we are to accept this premise, then the time for dogmatic/comparative (i.e. country vs. country) of Japan's post-secondary education initiatives are all but forgone. The following suggestions for future research which were not included in this study (1995) and this subsequent study are as follows:

1. Amend Japan's bankruptcy reporting systems and implement a seven years or less moratorium for individuals or firms that utilize it. After said time an individual and/or firm's credit rating/database is reset.

2. Incentivize startup initiatives to further encourage women to join the startup community.
3. Likewise for young adults and children as young as late primary-school.
4. Destigmatize business failure in particular businesses that are startups.

Concluding Statement

The proliferation and popularity of entrepreneurship has expanded beyond any expectation I had in 1995. Besides the rosy picture portrayed of global entrepreneurship education initiatives globally, the fact still remains Japan still ranks entrepreneurially, as one of the lowest industrialized nations within Babson College's Global Entrepreneurship Monitor (GEM). It is my opinion that this must reflect a unique adversity or unique allergy toward entrepreneurial initiatives and/or entrepreneurship culture, so to speak.

To that end, the author suspects the stigma of failure within Japanese society still reigns very high. For example, this adversity to entrepreneurialism demonstrates itself when high school graduates or four-year college graduates considers his or her employment options. Whereas, failure is a honorable "badge" with some venture capital communities outside Japan, to this day, it is still sharply avoided within Japanese society, in general. This adversity to failure WILL NOT be eradicated so easily as was institutionalized in the current second largest GDP nation- China.

I suspect governmental and grassroots initiatives, though well intentioned, will not be enough to thwart Japan's allergy of business failure and its ensuing culture. This author feels that the current demographic time-bomb facing Japan may be a blessing in disguise, of sorts.

Unlike Japan's sparsely populated teen and generation "Y" demographic, the close to 70 year-old or grey generation (large numbered baby-boomer sector) demographic may hold the key to truly changing Japan's entrepreneurial outlook, via entrepreneurial education and otherwise.

Note

- 1) SME or Small Medium Enterprises are defined in Japan by three sub-categories:
Very Small or less than 20 employees; Small having 20-99 employees; Medium processing 100-499 employees; and Large enterprises which encompass greater than 500 employees.

References

- Acs, Zoltan, (2006) "How Is Entrepreneurship Good for Economic Growth?," *Innovations*, Winter 2006, Vol. 1, No. 1, pp. 97-107.
- Garavan, Thomas N. and O'Kinneide, Barra, (1994) "Entrepreneurship education and training programmes: A review and evaluation-Part 1," *Journal of European Industrial Training*, Vol. 1, Issue 8, pp. 3-12.
- Garavan, Thomas N. and O'Kinneide, Barra, (1994) "Entrepreneurship Education and Training Programmes: A Review and Evaluation-Part 2," *Journal of European Industrial Training*, Vol. 18, Issue 11, pp. 13-21.
- Katz, Jerome A. (2003) "The chronology and intellectual trajectory of American entrepreneurship education: 1876-1999," *Journal of Business Venturing*, Vol. 18, Issue 2, March 2003, pp. 283-30.
- Kiesner, W.F. (1990) "Entrepreneurship: Is the Grass Really Greener?," *Journal of Private Enterprise*, 6(1), pp. 145-155.
- Lars Kolvereid, Øystein Moen, (1997) "Entrepreneurship among business graduates: Does a Major in Entrepreneurship Make a Difference?," *Journal of European Industrial Training*, Vol. 21, Issue 4, pp. 154-160.
- McMullan, W.E. and Long, W.A. (1987) "Entrepreneurship Education in the Nineties," *Journal of Business Venturing*, 2(3), pp. 262-275.
- Sato, Y. (1998) "Small Business in Japan: A Historical Perspective," *Small Business Economics*, 1, pp. 121-128.
- Tsuye, Kenneth Ichiro, (1995) *Japanese Small Business Owners/Managers: A Study of Business Information Sources and Training Programs*, Doctoral Dissertation- U.S.I.U., p. 18.
- Yamamura, K. (1978) *Entrepreneurship, Ownership and Management in Japan*. In P.M. and M.M. Postan (Eds.), *The Cambridge Economic History of Europe*. Cambridge, MA: Cambridge University.

Questionnaire instrument and translations.

0. その他.....

8. もしあなたがあなたの企業に役に立つ教育が必要ならば、以下のどの方法を選びますか？(好きな数だけ答えて下さい。)

- ☐ 1 中小企業専門の講師による講演
☐ 2 大学の中小企業を授業とする講師を司会とする討論
☐ 3 企業の経営者を社会とするグループごとの討論
☐ 4 特定の問題を対象とした公演
☐ 5 その他
- ☐ 6 自由研究
☐ 7 コンサルタントとの学習
☐ 8 中小企業のための特別抗議
☐ 9 専門会計士、弁護士、氏牛などによる抗議

❖ 質問8号で、あなたが一番好きな方法を一つだけ丸して下さい。

9. いかのものがあなたの会社の経営にとってどれくらい役に
立ちますか？もしあなたが使っていないものがあれば空欄
のままにしてください。

大変役に立つ

全く慢
に立た
たない

A.	経営者
B.	会計士、弁護士等
C.	コンサルタント
D.	大学
E.	顧客からの意見
F.	銀行
G.	商工会議所
H.	供給者からの意見
I.	貿易協会
J.	中小企業庁
K.	大企業の重役(幹部)
L.	他の中小企業の所有者(オーナー)
M.	その他

10. あなたはいくつですか？ _____ 歳

11. あなたの性別は？ ☒ 男性 ☐ 女性

12. あなたと同じもしくは似たような業界の経営者はあなたの企業をどう思っていますか？

最も成功
している
の一つ

7	6	5	4	3	2	1

最も失敗
している
の一つ

13. あなたは現在の企業で何年間所有/経営をしていますか？ _____年間

14. あなたは現在の事業以外に過去いくつの事業をしていますか？ _____つ

15. 今までに事業に失敗したことがありますか？ ☒ はい ☐ いいえ

16. あなたの企業ではあなたを含めて何人働いていますか？(2人のアルバイト = 1人分の社員) _____人

17. あなたの現在の企業の業界は次のうちのどれですか？（一つだけ選んで下さい。）

 建設 運輸

3 製造 4 小売 5 卸売 6 専門業 7 金融 8 サービス業
その他(具体的に...)

どうも御協力ありがとうございました。

1. Since becoming an owner/manager of a small business, have you taken any training (courses, workshops, seminars, etc.) to help you manage your business better? (Please check one box)

(Skip to #5)

Extremely Unhappy

 Other _____

 Graduate degree

**Absolutely
Disagree**

Absolutely Useless

P. Other _____ *****

	7	6	5	4	3	2	1
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

8. If you needed training to help you in your business, which of the following methods would you prefer?(Mark as many as you wish)

- ☐ 1 Lectures by college faculty expert in small business ☐ 6 Self directed, self study programs
☐ 2 Discussions led by university small business faculty ☐ 7 Working with a consultant
☐ 3 Group discussions led by university small business faculty ☐ 8 Special college courses for small business
☐ 4 Specific problem clinics, workshops ☐ 9 Lectures by experts - accountants, lawyers, etc.
☐ 5 Other _____

9. How useful is each of the following to you in helping you run your business well. If you do not use one of the items, just leave it blank.
One a scale of 1 to 7 with 1 being low and 7 being high how would you rate the following:

	Extremely useful				Absolutely useless		
	7	6	5	4	3	2	1
A. Business magazines.....							
B. Accountants, lawyers, etc.....							
C. Consultants.....							
D. Colleges and universities.....							
E. Advice from customers.....							
F. Your bank.....							
G. Chamber of Commerce.....							
H. Trade associations.....							
I. Advice from suppliers.....							
J. Small Medium Business Corp.....							
K. Big firm business executives.....							
L. Other small businesses owners.....							
M. Other.....							

10. What is your age? _____ years old. Are you your firm's: ☐ 1 Founder ☐ 2 2nd generation successor ☐ 3 3rd generation successor

11. What is your sex? ☐ 1 Male ☐ 2 Female

12. How would other business owners in your industry or type of business think of your firm?(please check one box only) One a scale of 1 to 7 with 1 being low and 7 being high how would you rate the following:

One of the most successful	7	6	5	4	3	2	1	One of the least successful

13. How long have you been the owner/manager of your present business? _____ year(s).

14. How many businesses have you managed before the present one? _____

15. Have you ever failed in a business before? ☐ 1 Yes ☐ 2 No

16. How many people work for your firm, including yourself(2 half-time people equals one full-time, etc.) _____

17. What type of business is your present business(please check one box)

<input type="checkbox"/> 3 Manufacturing	<input type="checkbox"/> 4 Retail	<input type="checkbox"/> 5 Wholesale	<input type="checkbox"/> 6 Professional Service(doctor, law, engineer, accountant, etc.)	<input type="checkbox"/> 1 Construction	<input type="checkbox"/> 2 Transportation
<input type="checkbox"/> 9 Other(please specify) _____				<input type="checkbox"/> 7 Financial/insurance-real estate	<input type="checkbox"/> 8 Service-other

18. What is the greatest **DISADVANTAGE** to colleges and universities getting involved with training and education for the small businessman? _____

19. What is the greatest **ADVANTAGE** to colleges and universities getting involved with training and education for the small businessman? _____