***The strategy of small and mid-sized manufacturing companies***

***For emerging markets***

***~Japanese water-treatment technology to the world~***

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**Introduction**

In Japan, there are about 430 thousand of small and mid-sized manufacturing enterprises (SMEs). Though some of SMEs have advanced technologies that are equal to large companies, they can’t diffuse their technologies to the world because when they expand business overseas, they face difficulties. However their technologies are wasted of talent without expanding their business. The purpose of this paper is to explore the way to expand their business overseas. As a main problem of SMEs expanding business, we focused on ‘discontinuity’ (Shintaku and Amano, 2010). We took SMEs which have water-treatment technologies as a sample and surveyed 84 SMEs of them. At first, we collected success factors researching SMEs that have already expanded their business overseas. Next, based on the findings, we made a success model that minimized divestment risks in overseas business. Finally, we verified the model against SMEs that have not yet expanded their business.

Keyword: Small and mid-sized enterprises, the emerging market, discontinuity, appropriate quality,