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ACCELERATORS IN THE ENTREPRENEURIAL ENVIRONMENT IN TOKYO

Bachelor's Thesis

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Tartu 2025

I have written this Research paper/Bachelor Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Introduction

Start-up ecosystems are instrumental in advancing innovation and economic development. These systems consist of interconnected stakeholders that foster entrepreneurship within specific regions, with predictions pointing to a global rise to 155 ecosystems by 2025 (Peniaz, 2024). Start-ups contribute significantly to economic growth by generating employment, diversifying funding options, and driving market disruptions. They also play a key role in shifting innovation ecosystems from traditional corporate-driven frameworks to more dynamic and open innovation models. (Peniaz, 2024)

Japan finds itself in a unique position where establishing a thriving entrepreneurial ecosystem is essential, as the development of start-up ecosystems is closely linked to national innovation indices and GDP per capita (Dymchenko et al., 2022). Despite regular reforms and corporate efforts to reinvigorate entrepreneurship, Japan remains constrained by traditional practices like reliance on paperwork and rigid corporate structures. Cultural factors and the long-standing nature of Japan's economy also contribute to its lower levels of entrepreneurial activity when compared to global innovation leaders. (Kushida, 2017)

The interconnected nature of political crises, austerity conflicts, and economic instability in Europe, as highlighted by Hutter et al. (2016), underscores the broader vulnerabilities within the global economic system. Recent destabilizing events, such as the COVID-19 pandemic and the Russia war in Ukraine, have exacerbated these challenges, leading to reduced economic growth, soaring inflation, and increased government debt worldwide. Emerging economies and developing European countries have been particularly impacted, with inflation spiking to 27% and economic growth declining by 2.9% (Desalegn et al., 2022). Despite the significant academic focus on European economic crises and their implications, limited research explores the comparative dynamics of such challenges across different regions, including Japan.

In contrast to Europe's economic turbulence, Japan faces distinct challenges primarily rooted in demographic issues such as an ageing population and declining birth rate (Schaede & Shimizu, 2022). With, fertility rates below replacement level since 1974 (Kono, 2019). While these challenges are shared by some European countries, a critical distinction lies in Japan's exceptionally low entrepreneurial activity. For instance, in 2019, Japan recorded venture capital (VC) investments of just 0.08% of its GDP, one of the lowest among OECD countries, compared to 0.23% in China and 0.64% in the United States (Mulas et al., 2021). The limited academic exploration of this comparative context highlights a research

gap, particularly in understanding the intersection of demographic challenges, entrepreneurial ecosystems, and economic resilience across regions. This gap offers a significant opportunity for future research to contribute to a nuanced understanding of these interrelated dynamics.

As of January 2021, Japan's start-up ecosystem has produced a limited number of unicorns, totalling just 11. This figure falls short when compared to other major or high-income economies, including China, Germany, India, the United Kingdom, and the United States, as well as smaller nations like Estonia and the Republic of Korea, all of which have established histories of intensive innovation (Mulas et al., 2021). This situation is particularly striking given Japan's standing in the global market, where it ranks third in the number of global companies (Mulas et al., 2021). In contrast, Japan's count of unicorns is comparable to that of Israel, which has a GDP over 12.8 times smaller than Japan's. (Mulas et al., 2021)

As highlighted by Hemmert et al.(2021), research on entrepreneurship in Japan remains significantly limited, with only 4% of business-related studies focusing on the country. Accelerators have emerged as a crucial component of entrepreneurial ecosystems, providing focused support to advance venture development (Qin et al., 2019). These programs offer initial capital and structured entrepreneurship support and act as intermediaries, enhancing relational connections and networks for start-ups (Brown et al., 2019). To the best of the author's knowledge, research on accelerators in Japan is extremely limited, as existing studies do not provide statistical data on this topic. However, Tokyo's start-up ecosystem is notably centred in its 23 wards, with 71.6% of start-ups and 71.2% of support institutions, including accelerators, located within this area (Anai & Shibasaki, 2020). Despite significantly increasing the likelihood of attracting outside equity investment for participants, particularly in the first year following acceleration (Lall et al., 2020).

The aim of this study is to analyse the role of accelerators in the Tokyo area in supporting entrepreneurial activity, focusing on the opportunities they provide and the challenges they face in fostering entrepreneurship. This research is intended for policymakers and accelerator managers in start-up accelerator structure.

To achieve this aim, the following research task has been chosen:

- Define accelerators and program types, characteristics, functions, and effects.
- Review existing literature about entrepreneurial activity in Tokyo, focusing on quantitative data, and compare it to other cities outside Japan.

- Conduct semi-structured interviews with professionals in the Tokyo accelerator ecosystem to gather insights for analysing their role in supporting entrepreneurial activity.
- Identifying challenges accelerators face in fostering entrepreneurship in Tokyo and opportunities through semi-structured interviews.
- Propose specific recommendations to enhance accelerator programs' contributions to entrepreneurial activity in Tokyo, focusing on overcoming identified challenges and leveraging available opportunities.

Keywords: start-up, entrepreneurial environment, accelerators, Japan, Tokyo

1. Review of Existing Research

1.1. Foundational Concepts: Entrepreneurship Ecosystems, Acceleration programs and their functions

Entrepreneurial ecosystems are dynamic and complex networks comprised of various actors, institutions, and support systems that significantly influence new firm formation and growth (Malecki, 2018). This part reviews the basic categories of Entrepreneurial Environment.

Table 1

Literature review on Categories of Entrepreneurial Environment

Categories		
Institutional Factors	Legal frameworks, knowledge systems	Malecki (2018), Manimala & Mitra (2009)
Resource Availability	Access to capital, skilled workforce, technological infrastructure	Fogel (2001), Grundstén (2004)
Culture and Social Factors	Societal attitudes towards entrepreneurship, community support	Gobena & Kant (2022),
Environmental Characteristics	Geographical and ecological factors influencing entrepreneurship	Asmit et al. (2024), Gobena & Kant (2022)
Support Systems	Institutions and programs supporting entrepreneurial development	Sharifa Hamood & Al Harthy (2014), Malecki (2018)

Source: compiled by the author

While the Entrepreneurial environment consists of different factors, this research will explore the Support systems. Institutions such are the foundation pillars of entrepreneurial

ecosystems. Universities, for instance, serve as centers of innovation and knowledge creation with access to cutting-edge research, seasoned talent, and entrepreneurial education initiatives. (Brown & Mason, 2017) Entrepreneurial development-focused initiatives such as accelerators, incubators, and mentorship programs are another crucial factor of entrepreneurial ecosystems. Incubators and accelerators give start-ups access to facilities, capital, and expert guidance, with mentorship programs matching entrepreneurs with experienced individuals who can provide useful guidance and observations. (Malecki, 2018)

Start-up accelerators have emerged as valuable resources for entrepreneurs, offering funding, mentorship, and networking opportunities to help start-ups grow rapidly (Busulwa & Birdthistle, 2020). These programs have become increasingly popular, with the number of accelerators rising, particularly in the US (Regmi et al., 2015). Accelerators provide numerous benefits, including assistance with product refinement, business model adjustments, and access to relevant networks and investments. They typically feature a competitive application process, time-limited support, and focus on small teams rather than individual founders (Bhatli et al., 2015).

This section provides a synthesis of empirical studies exploring accelerators their function and will be complied by the author. The study by Lukeš et al.(2019) offers valuable insights, although its focus is limited to Italy. The authors focus on how business incubators impact the success of start-ups by analysing data from over 2500 start-ups over 6 years to see how being part of an incubator affected things like revenue and job creation. The research found that being in an incubator sometimes slowed down revenue growth in the short term; this happens due to start-ups often spending time adjusting to the support systems and figuring out how to use the resources they are given. Additionally, it was found that long-term programs had a much more positive impact on start-up success. Start-ups who decided to stay for a longer time in incubators were more stable and successful than those who did not. Such a pattern can be found in other papers; for example, Yusuf (2010) found that assistance programs effectively address entrepreneurs' support needs only 26% of the time.

Additionally, there was a strong emphasis that it is crucial that programmes are tailored to the specific needs of different types of businesses. While Lukeš et al. (2019) highlight the benefits of long-term incubator programs, the author believes there is a need to explore the balance between short-term adjustments and long-term stability. It would be valuable to examine how start-ups can shorten the adjustment phase without compromising long-term outcomes.

The study by Hausberg & Korreck (2020) reviews how business accelerators and incubators have developed over time. The paper defines accelerators as programs that help start-ups by providing support like mentorship, resources, and connections to people who can help them succeed. The start of accelerators was from simply providing office space and later one advanced service like expert advice and network opportunities. Although accelerators are excellent tools for promoting innovation and energising ecosystems, their benefits are not always sustainable over time. (Hausberg & Korreck, 2020) As a rapidly growing phenomenon, accelerators have become key players in nurturing start-ups and fostering innovation, though their efficacy and role continue to be subjects of research and debate (Wright & Drori, 2018). Additionally, the authors mentioned that accelerators are not all the same - some focus on helping small local businesses, while others target high-tech start-ups with global potential. The author agrees with Hausberg & Korreck (2020) that not all programs deliver long-lasting benefits, and more thorough evaluation of long-term impacts are critical.

The paper by Lubishtani et al.(2022) focuses on the inside process of accelerators project. More specifically, it focuses on how formal (training sessions), and informal (practical experience) knowledge is passed from business accelerators to the start-ups they support. The research emphasises how important this process is for helping new businesses succeed. The research has a great sample, interviewing mentors, start-up founders, and people running accelerators to understand how this knowledge-sharing works. The research found that if the programs do not have a transparent system for sharing knowledge, the start-ups are more likely to fail, and good mentor support is crucial - advice on how to market products, manage operations and connect with the right people. In other words, accelerators must have clear systems to help start-ups avoid common mistakes. Additionally highlighted by Hallen et al. (2023), while some accelerators act as “springboards” helping start-ups attract higher-status investors, others have limited or even negative impacts.

The report by Mulas et al. (2021) examines Tokyo comparing it to other major cities like San Francisco and New York. The study found that despite being one of the leaders in science and innovation hubs when it comes to supporting start-ups, the city falls behind; even further, only 11% of start-up funding in Tokyo comes from foreign investors, while cities like New York attract much more international funding (Mulas et al., 2021). This, considering the fact that Tokyo’s start-up ecosystem relies heavily on big corporations and banks, which are not interested in start-ups, is a crucial indicator. Furthermore, the paper highlights that Tokyo

focuses too much on helping start-ups in their early stages and does not provide enough support for further development. This makes it impossible for Tokyo-based start-ups to grow into global companies.

Ammirato et al. (2024) highlight that large corporations' demands for rapid scalability and efficiency often overshadow the sustainability-oriented strategies of start-ups. This imbalance, described as the collaboration paradox, suggests that start-ups struggle to capture the full benefits of partnerships due to their lack of resources and influence. Research by Radziwon et al. (2024) emphasize that while open innovation models foster collaboration between start-ups and large firms, the imbalance in power and resources can hinder the ability of start-ups to innovate freely and scale effectively.

To address these challenges, Tokyo's start-up ecosystem could benefit significantly from integrating partnerships with international accelerators and investors. Data provided in the studies suggest that fostering such collaborations can help diversify funding sources and reduce over-reliance on domestic corporations. Additionally, Japan's strong position in research and development offers great potential to elevate the country's entrepreneurial activity, particularly by transforming innovations into globally marketable products and forming international partnerships (Mulas et al., 2021). Audretsch et al. (2024) note that ecosystems prioritising cross-border collaboration tend to perform better in terms of start-up scalability and global competitiveness.

The tables presented in this chapter serve a critical role in synthesising and organizing existing literature on accelerators, their definitions, functions, effects, and methodologies. Appendix A, provides a structured overview of different perspectives in the academic field, enabling a comprehensive understanding of how accelerators are conceptualised and implemented. By summarising these perspectives, appendix A establishes a foundation for analysing their role in entrepreneurial ecosystems.

This literature review highlights several common themes and distinct aspects of the functions and effects of accelerators. A shared focus across studies is the role of accelerators in providing mentorship, networking opportunities, and funding access. These functions are recognised as critical to supporting early start-ups (Audretsch et al., 2024). However, notable differences emerge in the emphasis placed on certain functions. For example, Mulas et al. (2021) put much emphasis on the importance of international connectivity and resource scaling, particularly in globalised ecosystems. However, Lukeš et al., (2019) highlight the

local influence of accelerators in fostering mentorship and investor contacts. There is a need for tailored strategies that consider geographical and cultural differences.

The effect of accelerators varies across selected articles, Hausberg & Korreck (2020) highlight the variability in the long-term efficiency in accelerator programs. Similarly, Lukeš et al. (2019) observed mixed results with accelerator programs; they showed significant impacts on start-up growth in the long-term. A key distinction, however, lies in whether the focus is on immediate start-up success (Lubishtani et al., 2022) or systemic long-term ecosystem improvements (Mulas et al., 2021).

Ammirato et al. (2024) further underscore that the effectiveness of accelerators depends on their ability to address paradoxical tensions, particularly when start-ups rely on large corporations for scaling resources. These studies collectively suggest a need for tailored strategies that account for geographical and cultural differences, as highlighted in research on ecosystem adaptability and localisation (Audretsch et al., 2024).

The methodologies used across the literature provide a different approach to analysis. This methodology diversity provides a good overview from different perspectives. Hausberg & Korreck (2020) rely on systematic literature reviews and co-citation analysis, offering a theoretical foundation. Lubishtani et al. (2022) employ qualitative interviews with stakeholders and mentors, providing in-depth insights into the dynamics of knowledge transfer. Lukeš et al. (2019) adopt an empirical approach, analysing longitudinal data from over 2,500 start-ups in Italy to examine accelerators' impacts. Mulas et al. (2021) integrate comparative global data with social network analysis, complemented by interviews with 110 organisations in Tokyo.

Appendixs B, categorises accelerator support programs into distinct types. Mulas et al. (2021) provide valuable insights by identifying five distinct types of accelerator programs. Each type with unique effects and roles offers a clearer framework for understanding how different accelerators contribute to entrepreneurial ecosystems. This categorisation helps identify which challenges are traced to which accelerators.

While multiple perspectives exist, this research uses Mulas et al. (2021) description of the accelerator, which focuses on agile methodologies and stakeholder networks. This definition is particularly relevant as it emphasises the role of accelerators in addressing Tokyo's entrepreneurial dynamics, such as tailored mentorship, international connectivity, and funding access. This perspective is consistent with studies by Audretsch et al. (2024),

which highlight the multidimensional role of accelerators in fostering start-up growth, especially in resource-constrained or highly competitive environments.

Moreover, Lukeš et al. (2019) and Ammirato et al. (2024) emphasize the importance of international networks and mentorship as critical factors for scaling start-ups in global ecosystems, further validating the applicability of this definition. This definition aligns with the study's focus on capturing the multidimensional role of accelerators, particularly in ecosystems with diverse cultural and institutional challenges.

This study will focus on pre-accelerators and accelerator programs. These two categories were selected due to their foundational roles in shaping entrepreneurial ventures during the early stages of development. Pre-accelerator programs, characterised by their short-term nature and focus on events, meetups, and competition, serve as an initial exposure point for entrepreneurs. They provide critical opportunities for entrepreneurs to test and refine their ideas, gain feedback, and build early connections within the start-up ecosystem. In contrast, accelerator programs offer more structured and intensive support, lasting between three to six months. These programs combine financial assistance, structured mentorship, and access to incubation spaces, equipping start-ups with the tools necessary for further development and long-term success.

By focusing on these two types, this study aims to explore the progression of entrepreneurial support from idea validation to structured growth, providing a comprehensive understanding of their role in Tokyo's start-up ecosystems.

1.2 Structural Challenges and Growth Opportunities for Tokyo-Based Accelerators based on Literature

Table 2 extends the analysis by systematically mapping the key challenges identified across the literature, providing a comprehensive overview of recurring issues within entrepreneurial ecosystems. This way we can focus on main challenges which this paper is going to focus on.

The challenges accelerators face, as identified in the literature, reflect broader issues within entrepreneurial ecosystems. A recurring challenge is the lack of tailored programs, that address the specific needs of start-ups, as noted by Lukeš et al.(2019), Lubishtani et al. (2022) and Mulas et al. (2021). This limitation often leads to a lost potential, "Programs with structured curricula were associated with 24.2% higher likelihood of obtaining VC funding, $7.3 million more VC funding" (Assenova & Amit, 2024, p.1055). The second major

challenge which can be found in the majority is the short-term focus, prioritising rapid growth over sustainable development. Implementing sustainable business models is another hurdle, with institutional, organisational, and market-related barriers being prominent (Nunes et al., 2022). However, some start-ups address sustainable work practices through innovative approaches and stakeholder collaboration (Harlin & Berglund, 2021). Another following challenge rises from insufficient knowledge sharing and mentorship. Research shows that knowledge sharing significantly influences innovation in start-ups, while mentorship increases the likelihood of achieving short-term outcomes like releasing a minimum viable product and making first sales (Wallenius, 2018). Building on this, highlight that research, development, and innovation are among Japan's greatest strengths, underscoring the importance of a knowledge-driven approach.

Table 2

Accelerator Challenges

Challenge	Lukeš et al., 2019	Hausberg & Korreck, 2020	Lubishtani et al., 2022	Mulas et al., 2021
Lack of tailored programs for start-ups	✓	✗	✗	✓
Short-term focus over long-term growth	✓	✓	✗	✓
Insufficient knowledge sharing and mentorship	✗	✓	✓	✗

Source: compiled by the author

Ecosystems are complex systems composed of interdependent actors and factors that must interact effectively to foster the creation and growth of ventures (Mulas et al., 2021). This section presents a short analysis of Tokyo's start-up ecosystem, focusing on social, investment and institution frameworks based on the works of JF Gauthier et al. (2024), Mulas et al. (2021) and Emre Yuasa et al. (2023). As they present opportunities and strong points of the entrepreneurial opportunities in the context of Tokyo.

The environment created by accelerators enhances the fundamental dynamics that drive ecosystem growth. Accelerators foster informal and unstructured activities that can

positively impact the larger ecosystem by serving as relationship facilitators. Beyond the accelerator's local network, the spread of transparent and cooperative behaviour benefits other businesses and stakeholders by strengthening linkages between accelerated companies and external organisations seeking to engage in entrepreneurial activities. This approach helps stakeholders avoid missing critical opportunities. (Fehder, 2024)

Japanese corporations have increasingly embraced collaboration with start-ups, reflecting a shift in traditional business practices. Large corporations now engage with start-ups through corporate venture capital (CVC) programs, direct investments, and dedicated open innovation teams (Emre Yuasa et al., 2023). Tokyo institutions are increasing their entrepreneurship education programs. As an example, the three top universities in Tokyo have been extending their practical entrepreneurship education and developing a fledgling practical business ecosystem for their student body in recent years. (Mulas et al., 2021) For example, the entrepreneurship course at the University of Tokyo is frequently oversubscribed, highlighting a growing interest in venture creation among students (Emre Yuasa et al., 2023).

Compensation trends further highlight the ecosystem's appeal. The Japan Venture Capital Association (JVCA) reports a widening wage gap between start-ups and listed companies, with start-ups offering significantly higher salaries for top talent. Positions with annual incomes exceeding USD 65,000 are 1.6 times more prevalent in start-ups than in publicly listed firms. (JF Gauthier et al., 2024) The balance of power between bureaucrats and politicians has shifted, outdated industrial policies are no longer relevant, and fewer young people are applying for government jobs (Schaede & Shimizu, 2022). This competitive compensation structure attracts highly skilled professionals from private equity funds, investment banks, and consulting firms. Many of these professionals transition to start-ups after gaining several years of experience in traditional sectors or after participating in student internships, often securing full-time roles upon graduation. (Emre Yuasa et al., 2023)

As Klingler-Vidra & Pacheco Pardo (2022) highlight start-up policies in Japan are increasingly designed to benefit incumbent firms by providing access to innovative capacity, ideas, and talent. Government support plays a pivotal role in Tokyo's start-up ecosystem. The "Five-Year Plan" introduced by the Japanese government aims to increase start-up investment tenfold and create 100 unicorns by 2028. Key initiatives include providing risk capital, renewing the Small Business Innovation Research (SBIR) program, and offering tax incentives for mergers and acquisitions (Emre Yuasa et al., 2023). A report by JF Gauthier et

al. (2024) provides a comprehensive overview of government initiatives that have contributed to the development of a thriving start-up environment compiled in Table 3.

Table 3

Tokyo Government projects

Name	Year	Comment
Five-Year Plan	2022	National-level strategy aimed at creating 100 unicorns by 2027, focusing on start-up support programs, incubation canters, and youth entrepreneurship.
Tokyo Venture Capital Hub	2024	Designed to enhance collaboration between venture capital firms and start-ups by offering dedicated networking spaces.
Tokyo Innovation Base	2024	A networking hub created to foster collaboration between domestic and international players in the start-up ecosystem.
Keio Innovation Initiative	2021	A venture capital initiative associated with Keio University aimed at leveraging academic research for start-up support.
Tokyo Consortium	2024	Brings together investors, incubators, government agencies, and industry associations to enhance start-up support.

Source: compiled by the author based on JF Gauthier et al. (2024) and Emre Yuasa et al. (2023)

The Tokyo Metropolitan Government's initiatives with start-ups exemplify a coordinated effort to foster open innovation (JF Gauthier et al., 2024). For example, through initiatives like the "open innovation tax relief program" announced in December 2021, the government has specifically encouraged big and established companies to invest in start-ups. By enabling "existing companies to deduct from their taxable income 25% of the value of their investments in start-ups," the initiative seeks to "promote corporate investments in start-ups.". (Klingler-Vidra & Pacheco Pardo, 2022) One of the main objectives of the strategy is for the initiative to connect domestic start-ups with international markets and facilitate mentor programs. As an example, the Tokyo Consortium brings together investors, incubators, government agencies and industry associations to enhance start-up support. The launch of the Tokyo Venture Capital Hub, as well as the Tokyo Innovation Base, have further strengthened networking opportunities and collaboration. (JF Gauthier et al., 2024)

Investment in Japan's start-up ecosystem has grown exponentially (JF Gauthier et al., 2024). From 2015 to 2018, private investment in start-ups in deep tech grew by more than 20 percent annually, reaching nearly $18 billion in 2018 alone (Schaede & Shimizu, 2022).

Further, according to JIC (2024), funding by AI-related start-ups led the overall trend, with the total amount raised reaching ¥74.2 billion (USD 468 million). This can be easily explained by Japan's R&D investments; Japan has more than 300 publicly traded businesses that disclose R&D investment, accounting for 12 per cent of the world's 2,500 publicly traded companies and the third-largest amount globally. These local and multinational corporations have made some of the largest R&D investments in the world, making them the third largest after China and the United States (Mulas et al., 2021).

In 2022, start-ups raised JPY 945 billion (approximately USD 6.9 billion), surpassing South Korea (USD 5 billion) and approaching Germany's (USD 10 billion). Growth-stage investments have gained prominence as start-ups pursue larger markets and remain private longer. Notably, 17 start-ups raised over JPY 5 billion (USD 36 million) in 2022, with six raising more than JPY 10 billion (USD 72 million). (JF Gauthier et al., 2024)

However, deal activity, as well as deal value, has been reducing after 2022, with a notable decline of 19% in 2023 and later, 3% in 2024. Additionally, there were no deals which exceeded JPY 10 billion in 2024H1, which was changed in 2024H2 with deals of JPY 21.4 billion. (JIC, 2024) Table 4 showcases the Deal Metrics comparison using the UB Speeda (2024) report.

Table 4

Tokyo Start-up Deals Metrics Comparison 2023H1 and 2024H1

Metric(JPY Billion)	2023H1	2024H1	Change
Total Deal Value	335.4	325.3	-3%
Total Number of Start-ups	1053	1196	13.6%

Source: compiled by the author based UB Speeda(2024)

Opportunities identified in Tokyo's entrepreneurial environment span several distinct areas, summed up in Table 5. Studies describe a hybrid innovation model in which traditional research and development merges with agile start-up practices (Mulas et al., 2021). Government initiatives—exemplified by introducing a Startup visa (Hof, 2024) and regulatory easing (Futagami & Helms, 2009)—support this transition and encourage foreign entrepreneurship.

Female entrepreneurship appears poised for growth, with evidence of emerging trends and tailored support programs (Futagami & Helms, 2009), while academic entrepreneurship benefits from incubators, early-stage investment resources, and

entrepreneurship education at institutions such as the University of Tokyo (Yoshioka-Kobayashi, 2019; Yasuda, 2016). Further opportunities exist in technology-based ventures, especially in biotechnology and information technology (Lynskey, 2004), as well as in immigrant entrepreneurship, where changing roles and new employment prospects are reported (Billore, 2011).

Table 5

Accelerator Opportunities in Tokyo based on literature review

Opportunities	Description
Strong R&D sector	Japan is leader in R&D investments. Receiving 12% of total investments along with institutions supporting further development.
Governmental support	Due to the governments interest in entrepreneurship development and the five-year plan, huge amounts of projects are accessible.
Investment opportunities	Both Public and Private investment opportunities are strongly present in Tokyo.

Source: compiled by the author

2. Research Methodology and Findings

2.1. Research Design, Data Collection, and Analytical Approach

In the empirical part of this thesis, semi-structured interviews will be conducted with professionals working in accelerator programs within Tokyo's entrepreneurial ecosystem. Semi-structured interviews are a widely used qualitative research technique that combines structure with flexibility, allowing researchers to explore specific themes while remaining open to unanticipated insights (Kelly, 2014). This method is particularly effective for understanding motivations, attitudes, and behaviours, as well as the impacts of policies or events on people's lives (Adams, 2015). Semi-structured interviews offer a balance between formal and unstructured approaches, providing researchers with the ability to cover predetermined topics while adapting to the conversation's flow (Kelly, 2014). The technique allows for in-depth exploration of participants' social worlds and the co-construction of knowledge between researcher and interviewee (Barrick, 2020).

The objective of this research is to analyse the role of accelerators in supporting entrepreneurial activity in Tokyo, focusing on the opportunities provided and the challenges faced by these programs based on insightful information from professionals in the industry. The findings will inform recommendations on problems which need to be focused on for strengthening the impact of accelerator programs in Tokyo. The empirical analysis prioritises

qualitative insights into the support structure, program efficacy and stakeholder relationships that characterise the accelerator ecosystem. This methodology encompasses various data collection methods, including interviews, observations, and focus groups (Awasthy, 2019). The study will explore themes related to institutional support and relevant factors. The conclusion will be drawn from the thematic analysis of interviews conducted with stakeholders. The empirical section is divided into two main components:

1. Data Collection and Analysis Process: outlining methods for gathering and analysing qualitative data, focusing on semi-structured interviews and thematic exploration.

2. Results: summarizing key findings and insights from the analysis, emphasizing challenges and opportunities within the accelerator ecosystem.

The semi-structured interviews approach was used as it is widely used in qualitative research, particularly in interpretive studies, as it enables researchers to gain in-depth insights into participants' perspectives and experiences (Adams, 2015). Semi-structured interviews balance consistency and adaptability, allowing researchers to focus on predefined themes while encouraging exploration of emerging ideas (Mashuri et al., 2022). While face-to-face interviews offer additional visual and non-verbal cues, online formats may pose challenges in contextualizing responses (Al Balushi, 2018). Despite these challenges, SSIs remain a valuable tool for researchers, offering flexibility to refine research questions as studies progress while maintaining alignment with research objectives (Mashuri et al., 2022).

The author developed a standardised set of open-ended questions guide for interviews, allowing the inflow of insights while enabling follow-up questions to explore emerging themes. The interview guide was structured around the following themes: (1) Program type – the type of support provided by the pre-accelerator and accelerator programs, including mentorship, funding, networking, and infrastructure. (2) Program efficacy – strengths and weaknesses of programs, their uniqueness compared to other programs, mentorship and knowledge transfer. (3) Cultural and institutional barriers - obstacles arising from societal norms, regulatory frameworks, or local business practices that may affect entrepreneurial activity. (4) Main challenges – weaknesses and limitations which prevent the efficiency of the programs in Tokyo. Questions can be seen in Appendix C.

The data collection process is crucial for obtaining rich qualitative insights, typically employing purposive sampling strategies rather than random sampling (Devers & Frankel, 2000). Hence, the data collection process for this study was designed to ensure the acquisition of rich qualitative insights from professionals actively engaged in accelerator programs

within Tokyo's entrepreneurial ecosystem. The participants for this study were purposively selected based on their professional involvement in accelerator programs, specifically as program managers, mentors, and coordinators. Mentorship plays a central role in accelerators, shaping entrepreneurial identities and supporting start-up development (Yitshaki, 2020). Mentors not only assist entrepreneurs in differentiating their venture identities but also help reconcile potential incongruences between their current and aspirational entrepreneurial roles (Yitshaki, 2020). Furthermore, mentors in accelerator programs undertake various functions, such as setting strategic direction, identifying marketing opportunities, structuring organizational processes, and enhancing social capital (Yitshaki & Drori, 2018).

Given the author's established connections in the start-up and accelerator ecosystem, initial outreach was facilitated through direct professional contacts. To complement this network-based approach, the author also employed LinkedIn as a strategic platform for identifying and reaching out to potential participants. LinkedIn provided access to profiles of accelerator professionals, allowing for targeted outreach based on their roles, affiliations, and relevant experience. Additionally, prior research on accelerators gave insight into organisations which align with the target sample of the interviews.

Initial outreach was conducted via personalised messages and emails that introduced the research objectives, emphasised the significance of the study, and detailed the expected contribution of participants. These messages were structured to establish trust and encourage participation by highlighting the importance of their expertise in shaping the analysis of accelerator programs. Follow-up communications were sent to ensure participant engagement and clarify any questions regarding the interview process. The recruitment strategy aimed to secure a diverse sample of interviewees from different types of accelerators, including pre-accelerators and full-fledged accelerator programs. This diversity was essential for capturing a broad view of the ecosystem and understanding the varied approaches taken by different organisations.

Once participants confirmed their willingness to participate, a mutually convenient time for the interview was scheduled. The option to conduct interviews was limited to online sessions, recorded with the consent of participants to ensure the data collection process.

Each interview lasted 30-60 minutes and was audio-recorded with consent to ensure accurate data capture. Transcription and detailed notes were also taken to document crucial details. Researchers must consider ethical implications regarding voice and representation

when employing this method (Barrick, 2020). The research aligned with ethical guidelines. Key ethical principles include consent, confidentiality, and respect for participants (Strandberg, 2019). In total of 4 interviews were conducted.

The author's objective was to collect unbiased insights into accelerator program effectiveness without demographic biases. The interviews focused solely on participants' professional experiences and reflections on program performance, avoiding demographic questions such as age, gender, or educational background. By doing so, the author ensured that feedback reflected perceptions of program structure, outcomes, and support mechanisms rather than being influenced by personal background factors. Hence, the author posits that findings on stakeholder relationships and institutional barriers can offer insights for potential improvements, drawing from real-world feedback rather than surface-level metrics.

Table 6

Interviewee

Interviewee	Role	Program Type	Years of Experience	Meeting Type
A	Mentor	Pre-Accelerator	Less than a year	Virtual
B	Program Manager, Mentor	Accelerator	5 years	Virtual
C	Program Manager, Mentor	Accelerator	17 years	Virtual
D	Program Manager	Accelerator	10 years	Virtual

Source: compiled by the author

The analysis of interview data will be based on Latent Thematic Analysis (LTA) approach. Thematic analysis is a flexible qualitative research method for identifying, analysing, and interpreting patterns of meaning within data (Clarke & Braun, 2017). It is a widely used method for analysing semi-structured interview data in qualitative research (Evans & Lewis, 2018; Jugder, 2016). It allows researchers to explore subjective viewpoints and identify significant themes related to research questions (Evans & Lewis, 2018).

Hence, Latent Thematic Analysis approach is particularly well-suited to this study because it facilitates the exploration of both explicit content and underlying, often overlooked, factors. This method is crucial for uncovering nuanced insights into the challenges and opportunities faced by accelerator programs in Tokyo. By examining latent themes, the analysis aims to go beyond surface-level narratives, revealing systemic or contextual influences that impact accelerator effectiveness.

The analysis of the interview data will be carried out in a systematic and rigorous manner. Analysing qualitative interview data is a complex process that begins with thorough

familiarization with the transcripts and notes (Pope et al., 2000). This initial step involves transcribing recorded interviews, which can be time-consuming but is crucial for accuracy (Stuckey, 2014). Each transcript will be read multiple times to gain a comprehensive understanding of the responses and to identify main and recurring patterns(codes). This stage allows the author to immerse themselves in the data and develop an initial key theme related to the research questions.

The analysis will proceed with the identification of specific challenges mentioned during the interviews, after thought reviewing all the interviews. Each challenge will be categorise in frequency reported, program type and overview of the challenge. The aim of frequency is to gain insight into which challenges are most common and important in the accelerator ecosystem.

The final step of the analysis involves synthesizing insights from the interviews with challenges previously identified in the literature to provide a comprehensive overview of the barriers and opportunities within Tokyo's accelerator ecosystem. By comparing empirical data with previous studies, the author aims to contextualize recurring issues such as mentorship gaps, resource constraints, and regulatory hurdles while uncovering any new, deeper-rooted challenges. This integrated approach allows for a nuanced understanding of systemic and contextual factors that influence the effectiveness of accelerator programs.

The findings will serve as the basis for proposing targeted recommendations to enhance the contributions of accelerators to entrepreneurial activity in Tokyo. These recommendations will focus on overcoming identified challenges while also leveraging opportunities. By aligning practical solutions with the city's unique entrepreneurial dynamics, this analysis will provide actionable strategies for strengthening accelerator programs and advancing Tokyo's start-up ecosystem.

The results will be based on four expert interviews, which, although limited in number and therefore not sufficient for broad generalizations, offer meaningful initial insights into the topic. The timing of data collection, which coincided with the conclusion of Japan's fiscal year in March and April, presented considerable challenges in obtaining additional participants. Nevertheless, by the fourth interview, thematic saturation was achieved, suggesting that key themes had started to stabilize and offering a solid foundation for future research.

2.2. Findings and Insights: The Current State of Accelerator Practice in Tokyo

After carefully transcribing the interview and reading through its multiple times for a comprehensive understanding, the questions and responses were categorized into three themes, as presented in Appendix C and E. To offer in-depth insights into the accelerators, the selected themes are Program Design & Strategic Positioning, Challenges & Cultural Context, and Ecosystem Integration & Outlook.

Program Design & Strategic Positioning: The role accelerators play, focusing on the opportunities and support they provide. Challenges & Cultural Context: The challenges accelerators face in fostering entrepreneurship activity. Ecosystem Integration & Outlook: Understanding other factors that influence entrepreneurial growth and their relation to accelerator programs.

By adopting this strategy, we can provide recommendations that address our recognised challenges. This strategy concentrates on leveraging our strengths and opportunities and considers other factors and the roles of other players in the ecosystem. This comprehensive approach allows for a better solution to the issues.

Further, this analysis will analyse four key challenges shortlisted by the review of the literature of current research, comparing them in the Tokyo setting, with insight developed from interview analysis. Assessing these challenges to Tokyo's special status and environmental pressures, we aim to contribute to an understanding of their real implications.

As mentioned in the previous research, the first challenge highlighted is the Lack of Tailored Support in Accelerator Programmes, as there is often a disconnect between the support provided and the actual needs of entrepreneurs (Brown & Rees-Jones, 2024).

This challenge is evident within Tokyo's accelerator ecosystem. While interviewees mention that programmes have begun to focus heavily on product-market fit, a lack of clarity and programme overload remain. In the theme of "Program Design & Strategic Positioning", when asked about the industry, most interviewees answered that there is no regulation; later, when going in-depth, they mostly answered tech and service as well as AI. The Japanese market offers significant opportunities for foreign firms, particularly in the software and technology sectors (Ojala & Tyrväinen, 2008; Coe et al., 2012). Considering the strong Japanese SaaS sector, the demand for tech- and service-based solutions can overshadow support for other start-ups, as their tailored support is not well specialised. This aligns with Statista Research Department (2024) statistics that project that SaaS revenue in Japan would expand at a 19.11% annual rate (CAGR 2025–2029), reaching a market size of US$20.86

billion by 2029. Moreover, with many similar programmes often running simultaneously, it becomes difficult for entrepreneurs to identify which programmes are more suitable to their needs. As highlighted by an interviewee B who mentioned that in his organisation there is 30-40 programmes: “And like, for start-ups… they are so, so busy with their business and their management. So yeah, they know that we are supporting, but too many programmes. And they do not have such time… So, we must clarify the suitable programme and bridge the gap.”

Another critical limitation frequently cited in the literature regarding accelerator programmes is their predisposition toward short-term performance indicators—such as immediate scalability, rapid user acquisition, or near-term investment—often at the expense of more sustainable, long-term entrepreneurial development (Brown & Mawson, 2016; Pauwels et al., 2016). This high-priority acceleration on behalf of rapidly expanding businesses generally excludes seed-stage enterprises with strong innovation potential but that entail longer gestation, roundabout experimentation, or base-ecosystem backing. Furthermore, recent literature has drawn attention to the psychological toll of these growth pressures, emphasising the need for programmes to integrate mental resilience and long-term capability-building into their design (Brown & Rees-Jones, 2024). This short-term focus was mentioned across most of the interviews conducted with Tokyo-based accelerator representatives. Multiple interviewees confirmed that admission criteria for their programmes favour start-ups that already have functioning businesses and technological foundations, rather than supporting entrepreneurs still in the ideation or validation phases.

For example, interviewee C noted: “But the minimum criteria that we set is that the start-ups already have a business.” Interviewee B outlined their programme’s prioritisation criteria: “Our definition of start-ups is that they must have a growth plan and strong technologies… We do also support small businesses in other programmes, but here, they need to be ready to grow rapidly.”

Brown & Rees-Jones (2024) argue that “growth readiness” coaching and mental well-being support are critical for entrepreneurs dealing with accelerated development. However, none of the interviewed Tokyo-based accelerators mentioned structured initiatives targeting these areas.

Furthermore, short-term high-growth problems are highly associated with venture capital (VC) acquisitions. Investors’ influence is one of the primary reasons behind short-term high growth, and it appears to be unveiling an enormous gap between investor-start-up

relationship dynamics and interests. The gap points towards the subtleties faced by the start-ups in coordinating with the VCs, where the investors' interests may not necessarily correlate with the long-term aspirations of the start-ups. As explained by interviewee A: "I think in Silicon Valley or somewhere in Europe, there are many investors are investing in their team, right? They do not even have a pre-venue yet. But investors like believe their team and their concept of their business, and they invested. But Japanese VCs are like, you know, just wanting a security like profits out of it. They don't really take a risk or yeah, just like invest in some companies already, you know, having like a revenue or something. "

Japanese investors often view start-ups with more caution compared to investors in Western countries, where there is typically a more balanced relationship between the two. As mentioned by interviewee A: "So in Europe, like both of them(investors and start-ups) are trying to find each other. It's not like the VC investors are very arrogant or something. Maybe a little bit arrogant, but not the arrogant as Japanese investors. In Japan, they are like, "Oh you want to have money from us, right?"". One interesting point raised by interviewee D is that customers have almost as much power as investors. As a result, start-ups need to work hard not only to win over investors but also to gain the approval and loyalty of customers.

Getting back to the topic about investors, the primary motivation for their actions is the desire to recover their capital as promptly as possible. As highlighted by interviewees C: "The VC will seriously ask you to come with a five years IPO. They are like, what? That sounds crazy obviously. But in Japan, that's the basics." Continuing: "And sometimes some investors work with them also in the investment contract. That the entrepreneur's top priority is go IPO before anything else. So that's on the contract." Further on: "That becomes an issue for future fundraising. And so, when I'm talking with those, you know, young Japanese entrepreneurs who are serious about going abroad, I tell them that you have to be very careful when signing the contract with a Japanese investor. "

Lastly based on the interviews, the challenge of insufficient knowledge sharing, and mentorship was the most frequently highlighted issue within Tokyo's accelerator programmes. Within the theme "Programme Design & Strategic Positioning", all the specialists who were interviewed confirmed that the current main goal of the programmes is globalisation and the importance of cooperation with international organisations, such as venture capitalists, mentors, and other accelerators. Accelerator programmes are mainly sponsored by the Japanese public sector, as outlined in the "Five-Year Plan".

As said by interviewee B: “Five years ago, the Japanese government decided to support Japanese start-ups on a bigger scale. That was huge for us, because before, we didn’t have such large programmes for supporting start-ups. The government influenced our whole organisation—so that’s what we’re doing now.”

This emphasis on international networks supports previous research, which found that global firms often act as knowledge brokers in regions with weak innovation ecosystems (Ivanova et al., 2016, 2017). International orientation is also linked to greater innovativeness and learning orientation among start-ups (Kropp et al., 2006).

Several interviewees emphasised the continued difficulties in bringing Japanese entrepreneurial culture into line with international standards despite this change. Historically, the Japanese economy has never relied on international partnerships, but that model is no longer sustainable due to the macroeconomic changes that currently exist, i.e., the devaluation of the yen. As explained by one interviewee D: “Japan has a very, very big market. Of course, it’s not comparable to the global market, but still strong. So, if you’re a Japanese founder, in terms of succeeding in Japan, you have a higher chance of agreement and success compared to others. Global companies have a hard time coming to Japan because Japan has a very specific culture and language barrier.”

Similarly as added by interviewee C: “The market is super domestic. It’s one of the very rare start-up ecosystems in the world where entrepreneurs don’t even think about the global market.” Cultural and language barriers were also consistently mentioned, for example by interviewee D: “As a European citizen, you’re used to collaborating with people from different cultures. But Japan, unfortunately, isn’t set up that way.” Further explained by a different interviewee: “But the thing is, globalising a business is such a difficult challenge. Especially if your company is very Japanese.”

Due to these factors, accelerator programmes focus their mentorship efforts on exposure to other business cultures, customers, investors, and market research: As Interviewee D mentioned: “50% of our cohort is not Japanese. That way, they can learn from different cultures, so they don’t have to be too ‘Japanese’ in their thinking.”

One approach which has been present is implement entrepreneurship practices to education. As Research indicates that entrepreneurship education positively influences students’ entrepreneurial mindset, self-efficacy, and innovative start-up intentions (Wardana et al., 2020; Hanandeh et al., 2021; Kaul, 2020; Wang, 2021). The entrepreneurial mindset—a multi-dimensional construct encompassing passion, intention, alertness, motivation,

optimism, and innovativeness—refers to entrepreneurship education and innovative start-up intentions (Hanandeh et al., 2021; Kaul, 2020).

This emphasis on youth and educational initiatives was also evident in the in interviews. As mentioned by interviewee A about their participants mostly being university and young people: “Future should be created by young, very talented people with global mindset, then most of Japanese people who has traditional mindset”. For example, project like hackathons are present but as mentioned interviewee A, are usually a mess: “I already volunteered for one hackathon, but that was messed up. So like host tried to have global hackathon. But because half of people were Japanese and people who speaks English. And the Japanese people couldn’t speak English and English speaking participants couldn’t speak Japanese. Including the judges.”. Additionally, to the chapter1.2 info about involvement of educational institutions into implication of entrepreneurial mindset, was present in other interviewees, for example, interviewee B mentioned: “So recently we have acceleration program, especially for students, like in college students with specific business ideas.”

Interviewee C elaborated on the structure of mentorship support: “What we do is provide a lot of mentorships, many seminars, and different frameworks to the start-ups so that they can do a deep analysis of the target country. They have discussions with experts from the target country, and this intense mentorship helps those experts evaluate the start-up’s value proposition.”

The author selects the four most prominent challenges from the interviews that repeatedly surfaced in the responses. While some of the challenges had been mentioned by at least half of the interviewees, the following four were pinpointed by each participant, which are summed up in Table 7.

Table 7

Accelerator Challenges based on Interviews

Challenge	Description
Cultural differences and business practices	Hierarchical norms and risk aversion, slow decisions discourage experimentation, making collaboration difficult. Hesitation to go global.
Language and communication barriers	Low English proficiency limits effective communication and international cooperation
Outdated systems	Social structure and dominance by large corporations block other pass ways, making pursuit of entrepreneurship complex process

Source: compiled by the author

The first challenge relates to cultural and business practices. Japanese culture is one with extremely specific expectations and attention to detailed nuances, ones that are vastly divergent from those of the West. This separation creates business interactions between foreign start-ups in the Japanese market, and Japanese start-ups in Western markets, to be difficult. While global differences exist in all nations, Japan's unique geographical and cultural position exaggerates these differences. Thus, substantial differences exist in expectations, meeting protocols, communication styles, and overall business methods.

In addition, the risk-averse culture of Japanese society creates extremely lengthy decision-making procedures before entering contracts. In an entrepreneurial environment where time-based projects are significant, this avoidance of risk is a good deterrent to establishing closer relationships with potential international partners.

Additionally, Japan's social attitude toward failure, which strongly disapproves of it, also promotes a risk-averse culture. This creates an environment in which individuals can be discouraged from learning by doing and through mistakes, something that is counterintuitive to the nature of entrepreneurship and start-up ecosystems, which exist and thrive on trial and error. Consequently, the cultural environment in Japan presents a significant challenge in terms of fostering a non-entrepreneurial culture.

One of the most important problems faced is the language and communication issues. In Japan the need for English proficiency is often overshadowed because the economy in Japan is robust and there is a relatively low emphasis on teaching the English language. The English environment of Japan is particularly challenging because the locals are less accustomed to speaking English than are Europeans.

This unfamiliarity may complicate the coordination of events and projects. Although there has been some progress in regard to fixing these issues, it remains a complex task to combine several languages within such environments, as mentioned in various interviews. The issue of proper communication normally turns into a key problem for collaboration.

Thus, it is necessary that the accelerators and other stakeholders in the projects implement policies such that English proficiency is mandated in participants or at least one of the team members is well equipped with English language skills, either B2 or higher level.

The final challenge is the persistence of outdated institutional and social structures. Deeply rooted in hierarchical systems, Japanese society prefers, as do many other East Asian cultures, granting much authority to the older generations at the possible cost of younger

voices. This hierarchy not only limits the effect of outside talent but also blocks the assimilation of new concepts necessary for dynamic change. Also, social acceptance in Japan has a direct linkage with one's entry into the job market; one does not become a full contributing member of society until they secure stable employment. In the end, this traditional approach blocks the process of modernisation and inclusive innovation by preventing youth empowerment and upholding traditional standards.

This institutional stiffness is further forced by the force of Japan's giant corporate conglomerates. The marketplace is dominated by a short group of massive corporations that direct prime industry norms and innovation channels besides dictating economic policy. Deep-rooted in traditional corporate culture, these firms lean towards stability, seniority, and long-term employment, with little room for flexible, disruption-based business models, and have been doing things that way for a long time. As a result, the Japanese economic system continues to be closed and anti-innovation, operating within a system that rewards established ways of operating over experimentation.

This makes it an extremely high barrier to entry for start-ups and foreign entrepreneurs and organizations. The business climate continues to be highly "Japanese" in their expectations – domestic networks, language proficiency, and cultural alignment – making it difficult for outsiders or non-conventional projects to fit. Furthermore, even domestic start-ups must typically deal with complex unspoken rules and hierarchical gatekeepers, suppressing risk-taking and stretching innovation cycles. Without structural change and efforts to diversify the business sector, Japan's entrepreneurial environment will continue to lag international changes in innovation and competitiveness.

Now we must consider the opportunities based on the interviews, as in Table 8. Opportunities mentioned in Table 5 are strongly connected to the opportunities mentioned on the Interviews.

Table 8

Accelerator Opportunities based on Interviews

Challenge	Description
Big Market	Japan is the world's third-largest economy, and Tokyo being a capital, is its financial and innovation hub. If you succeed to enter the market, you can thrive solely on Japan without a need of global expansion. Japanese corporations also take their contracts seriously, often offering long-term and stable contracts, making them a reliable partner
Japanese Customers Loyalty	While gaining trust can be slow, but once the trust is gained, customers stay committed for a long time. The Japanese consumers are used to and expect high quality product/service but reward brand with spending great amounts. The large middle class adds up to the spending power across many industries, from tech to lifestyle to healthcare.
Talent and R&D	Japan has highly educated workforce which includes a lot of engineers and technology-related fields, as well as specialist of different fields. Japan is one of the leading R&D hubs, consistent of different grants focused on university student in robotics, AI, healthcare and deep tech.

Source: compiled by the author

As the world's third-largest economy with substantial financial markets and capital, Tokyo has the potential to become a leading global financial center (Shirai, 2017). Japan presents numerous business opportunities for foreign investors, particularly as its younger generation becomes more aligned with Western culture and global ideas (Haghirian et al., 2008). The country is also undergoing a significant business reinvention, positioning itself as a key player in global supply chains and digital transformation (Schaede, 2020). The COVID-19 pandemic has further accelerated digitalization trends, especially benefiting Japan's robust technology and IT sectors (Tan, 2021). Furthermore, Japan has a strong and resilient middle class, shaped by the rise of consumer society and commercialized leisure during the transwar period (1920s–1960s), which contributed to the ascendance of middle-class lifestyles and economic stability (Gordon, 2007).

However as mentioned, entering and succeeding in the Japanese market presents distinct challenges rooted in cultural norms and business practices (Gelek, 2022). Japanese firms are known for their risk-averse capital behaviour and relatively limited diversity in domestic markets (Shirai, 2017). Moreover, long-term relationships are often prioritized over short-term transactions, and contracts are seen as starting points rather than definitive agreements (Gelek, 2022). This relationship-oriented approach requires foreign firms to invest in trust-building, local customization, and personal marketing (Ojala & Tyrväinen,

2008; Gelek, 2022). Close-knit distribution systems and exceptionally high standards for product and service quality further necessitate a tailored market entry strategy (Gelek, 2022). As highlighted by interviewee C: “So that’s the big advantage of coming to Japan is, like, it is very difficult to get in. But once it it’s relatively easier to stay. And then the competition is not as stressful as it is in The US or India or in sort of like and, also, most of, customers tend to want to keep the contract renewed. So even if when your competitor approaches them. They will come to you first before switching the contract. They will tell you they’re offering this service at that amount. Maybe we can adjust the contract because we want to continue with you.”

Despite these cultural and structural hurdles, Japan’s economic resilience, technological innovation, and highly educated workforce—including engineering, robotics, AI, and deep tech specialists—indicate a promising future for foreign businesses. By recognizing these cultural nuances and aligning with Japan’s strengths, especially in R&D and digitalization, companies can unlock the potential of this mature yet evolving market (Haghirian et al., 2008; Tan, 2021). While it is important to mention some resources like Lawson & Hendrick(2024) mention that Japan faces significant challenges in its tech sector, including a shortage of technical talent and outdated training programs. However, the country is making efforts to address these issues through digital transformation initiatives and cross-skilling of existing staff (Lawson & Hendrick, 2024).

Based on the interviews, the author proposes four targeted recommendations to enhance accelerator programs’ contributions to entrepreneurial activity in Tokyo, addressing key challenges while leveraging current opportunities. First, accelerator programs should provide more tailored support by segmenting start-ups based on industry and stage of development. While most programs are currently open to any sector with high growth potential, this flexibility is an opportunity to introduce more customised pathways that better align with Tokyo’s emerging clusters, such as deep tech, AI, and sustainability, thereby maximising relevance, and impact.

Second, program design should pivot from short-term milestones to long-term entrepreneurial capacity-building. The growing interest among early-stage founders and students presents a unique chance to foster an entrepreneurial mindset, even at the idea stage. Accelerators can better support sustainable, resilient start-ups by shifting focus from rigid KPIs to founder development.

Third, there is a critical need to reform the investor-start-up dynamic. While Tokyo benefits from a growing venture capital scene, the dominance of conservative, IPO-focused funding models stifles innovation. This challenge opens an opportunity to promote more trust-based, collaborative investment approaches, such as revenue-sharing or patient capital, that align better with global scaling and creative risk-taking.

Lastly, a long-standing barrier to entrepreneurship is deep-rooted impact of culture. Nonetheless, Tokyo presents an ideal foundation for change due to its growing innovation ecosystem, influx of international talent, and government interest in youth and regional revitalisation. To establish a more transparent, risk-tolerant entrepreneurial culture, accelerators should frequently partner with academic institutions and community actors to incorporate entrepreneurship into youth empowerment programs, education, and wider stakeholder involvement.

Conclusion

This study examined the role of accelerators in supporting entrepreneurial activity within Tokyo's start-up ecosystem, with particular attention to the structural and contextual challenges that characterise the Japanese entrepreneurial environment. In addressing this objective, five research tasks were undertaken: (1) defining accelerators in terms of program typologies, functions, and effects; (2) reviewing quantitative and comparative literature on entrepreneurial activity in Tokyo and globally; (3) conducting semi-structured interviews with professionals engaged in Tokyo's accelerator landscape; (4) identifying key challenges hindering accelerators in fostering entrepreneurship as well as opportunities; and (5) formulating evidence-based recommendations to enhance accelerator effectiveness in this specific regional context.

The study found that while Tokyo-based accelerators generally follow globally recognised models—such as structured cohorts, mentorship, and networking—their effectiveness is shaped by Japan's institutional context. Key challenges include societal aversion to risk, language barriers, rigid corporate norms, and overall outdated systems. However, the results point to new potential such as the government's increasing interest in start-ups and the changing attitudes of entrepreneurs. The trustworthiness of the insights was reinforced by the remarkable thematic consistency of the interview responses, even though the sample size was modest due to scheduling constraints. Despite the limited number of interviews, due to scheduling conflicts around March and April, Japan's fiscal year-end

period—the depth of qualitative insights and the consistency of the responses provide a significant contribution to the body of current work. Despite the limited sample size, the fourth interview in particular supported themes that had already been discovered, indicating thematic saturation.

Overall, by offering contextualised empirical evidence and specific policy recommendations, this study adds to the limited scholarly discussion on accelerators in Japan. It reinforces the notion that accelerators are vehicles for entrepreneurial development and instruments for broader systemic transformation within innovation ecosystems. Future studies involving larger and more diverse datasets, including comparative analyses with other Asian or European start-up ecosystems, would further enrich the understanding of accelerators' roles in fostering entrepreneurship in institutionally conservative contexts such as Japan.

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APPENDIX A

Definition of accelerator programs

Authors, Definition of Accelerator, Functions of Accelerators, Effect of Accelerators and Methodology

Author(s)	Definition	Functions	Effect	Methodology
Hausberg & Korreck (2020)	Programs providing time-bound support to start-ups with mentorship, resources, and connections to foster growth.	Facilitate mentorship, networking, funding access, and knowledge sharing.	Accelerators contribute to ecosystem dynamism but vary in long-term efficacy.	Systematic literature review and co-citation analysis.
Lubishtani et al., (2022)	Structures transferring tacit and explicit knowledge from mentors and incubators to start-ups.	Support knowledge spillover and development of entrepreneurial capabilities.	Explicit and tacit knowledge transfer positively influences start-up success.	Interviews with start-up stakeholders and business incubator mentors, totalling in 13 interviews.
Lukeš et al., (2019)	Specialized programs within business incubators aimed at accelerating start-up development through focused support.	Provide entrepreneurial training, mentorship, and connection to investors.	Mixed results on growth, with more significant impacts seen in the long term.	Empirical analysis of innovative start-ups in Italy using longitudinal data of 2544 start-ups.
Mulas et al. (2021)	Entities fostering innovation and entrepreneurship through agile methodologies and stakeholder networks. Could be divided in 5 types.	Promote start-up scaling through resources, mentoring, and international connectivity.	Enhanced start-up ecosystem competitiveness; highlights gaps in specialization and funding.	Comparative analysis of Tokyo with global start-up ecosystems, using international data and social network analysis. Interviews with organizations totalling to 110.

Source: compiled by the author

APPENDIX B

Type of Accelerator programs

Type of Accelerator Support Programs

Type(s)	Definition	Example	Effect
Pre-Accelerator	Short accelerator programs which last fewer than 3 months.	Events, meetups, competitions, camps.	Entrepreneurs gain exposure to start-up ecosystem, get to know main individuals in the industry. Also receive first feedback on their business ideas and find potential cofounders and partners.
Accelerator	Full-fledged acceleration programs lasting 3-6 months, offering a blend of financial support, incubation programs and structure mentorship.	Access to mentors and office space as well as incubation programs.	Entrepreneurs receive holistic support, access to networks of investment and corporations, guidance on scaling their business and an enhanced reputation by being associated with the accelerator's brand.
Start-up studios	Organizations that source, create and build start-ups internally before finding teams to run them.	Venture studios forming start-up based on identity opportunities.	Companies are built with internal resources and expertise, and leadership is recruited after the business model has matured.
Corporate innovation	Programs within corporations where employees pitch innovative ideas aligned with the company's mission.	Internal corporate incubators, partnerships with consulting firms.	Corporations create and launch start-ups tied to their goals, often supported by partnerships and investments from the outset.
Additional services	Specific support services that complement the broader accelerator ecosystem.	Recruiting employees, intern CEOs or providing targeted guidance.	Entreneurs receive focused support for specialized aspects of their business.

Source: compiled by the author using (Mulas et al., 2021)

APPENDIX C

Interview Questions organised by theme

Semi-structured interview questions plan according to theme

Themes from literature	Question
Program Design & Strategic Positioning	1. How would you describe the main components or structure of your program? Are there any unique features in your program that differentiate it from others? 2. Could you describe the process of application for your program? 3. Are there any specific industries that you focus on
Challenges & Cultural Context	4. What are the biggest challenges your program faces? Are these challenges unique to Tokyo, or are they common across regions? 5. Have you faced these challenges in Europe/North America? 6. Have you faced any cultural challenges in Tokyo? 7. How does your program help to overcome these challenges?
Ecosystem Integration & Outlook	8. Do you engage with international accelerators? 9. What recommendation would you give to improve accelerators activity in Tokyo? 10. What Tokyo start-up ecosystem needs to do to become more competitive?

Source: compiled by the author

APPENDIX D

Interview Coding

Coding of semi-structured interview questions plan according to themes

Themes from literature	Codes	Categories
Program Design & Strategic Positioning	*Growth *Global expansion *Product-Market fit	Strategic Focus & Scalability
	*Manufacturing *Health *Tech *AI *Service	Industry Specialization
Challenges & Opportunities, Cultural Context	*Language *Culture *Business culture/mindset	Cultural & Communication Barriers
	*Slow *Not stressful competition *Loyal	Pace & Work Ethic in Local Ecosystem
	*Exposure *Mentoring *Expectations	Support Structure & Entrepreneurial Readiness
Ecosystem Integration & Outlook	*Decline of Japanese Economy *Japanese Market	Macroeconomic Conditions
	*Difficult entry *Domestic *IPO preference	Market Access & Exit Strategy Preference

Source: compiled by the author

Resümee

TOKYO ETTEVÕTLUSKESKKONNA KIIRENDID

Yelyzaveta Mykhailenko

Käesolev bakalaureusetöö uurib idufirmade kiirendiprogrammide rolli Tokyos, Jaapanis, keskendudes sellele, kuidas need programmid mõjutavad iduettevõtete arengut ning milline on nende koostöö kohalike ja rahvusvaheliste ökosüsteemidega. Töös kasutatakse mitmetasandilist kvalitatiivset lähenemist, sealhulgas poolstruktureeritud intervjuusid ning dokumendianalüüsi, et saada sügavam ülevaade kiirendiprogrammide eesmärkidest, toimemehhanismidest ja väljakutsetest.

Uurimistöö teoreetiline raamistik toetub ettevõtluse ökosüsteemi kontseptsioonile ning akadeemilisele arutelule kiirendite rollist innovatsiooni toetamisel. Erilist tähelepanu pööratakse sellele, kuidas avaliku ja erasektori koostöö mõjutab programmide tõhusust ning millisel määral on võimalik Jaapani spetsiifilises sotsiaal-majanduslikus kontekstis rakendada globaalseid praktikaid. Töö toob välja, et Tokyos tegutsevad kiirendid püüavad üha enam kaasata rahvusvahelisi osapooli ning kohandada oma programme vastavalt globaalsele innovatsioonidünaamikale.

Empiiriline osa tugineb intervjuudele kiirendite juhtide, osalejate ja ekspertidega ning analüüsib, millised tegurid mõjutavad programmide mõjuvõimu. Töö tulemused viitavad sellele, et kõige edukamad kiirendid on need, mis suudavad pakkuda tuge mitte ainult ärimudeli arendamisel, vaid ka võrgustike loomisel ning investoritega ühenduse loomisel. Samuti selgub, et valitsuse toetusel on oluline roll ökosüsteemi kujundamises, kuigi liigne reguleerimine võib takistada paindlikkust ja innovatsiooni.

Töö praktiline väärtus seisneb selles, et see pakub soovitusi nii poliitikakujundajatele kui ka kiirendiprogrammide korraldajatele. Eelkõige rõhutatakse vajadust suurema rahvusvahelistumise ja kohaliku koostöö vahelise tasakaalu leidmiseks. Uuringust selgub ka, et Tokyos on olemas potentsiaal kujuneda Aasia üheks juhtivaks iduettevõtluse keskuseks, eeldusel et jätkatakse ökosüsteemi sihipärast arendamist ning avatust välismaistele partneritele.

Kokkuvõttes aitab see bakalaureusetöö mõista kiirendiprogrammide rolli mitte ainult ettevõtluse edendamisel, vaid ka laiemalt regionaalse innovatsioonikeskkonna arendamisel. Töös esitatud järeldused ja ettepanekud loovad aluse edasiseks teadustööks ning praktilisteks sammudeks, mis toetavad iduettevõtete kasvu Jaapanis ja mujal maailmas. Teksti tõlkimisel kasutati vestlusrobotit (ChatGPT) juhendaja kinnituse ja heakskiiduga.

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