



Early strategic heritage: The carryover effect on entrepreneurial firm's life cycle

Hamid Etemad¹

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Introduction

This article focuses on the nearly ignored origins and early drivers of competitiveness and their longer-run impacts in internationalizing, or internationalized, firms beyond inceptive stages. The challenging aim of this article is in identifying a fully encompassing and progressive evolutionary path of competitiveness for enabling growth and entrepreneurial internationalization from birth to maturity, conceived in the very early and inceptive stages and evolving into forces capable of sustaining the firm's international entrepreneurial activities over time to a purposive maturity. A progressive evolution, based on solid early foundations (Aspelund et al. 2007), can support internationalization and strong growth. Conversely, weak foundations may lead to regressive evolution, stagnation, undesired retrenchments and possible de-internationalization (Benito 2005; Benito and Welch 1997; Crick 2002, 2004; Welch and Welch 2009). The recent development in the international environment has brought the importance of such issues to the fore.

The recent rising tensions in the global trading system—e.g., suggestions for re-engineering of the World Trade Organization (WTO), under the threat of withdrawals from this international regulatory institution, imposition of tariffs on basic globally traded commodities, introductions of retaliatory barriers by affected nations, among others—have been dominating the contemporary daily news. Similarly, demands for renegotiation of international treaties are contributing to instability, if not uncertainties, and are posing substantive threat to the mobility that facilitated entrepreneurial internationalization and international growth in general. They also serve as impediments, if not as obstacles, to fledgling SMEs aspiring to internationalize in particular. Traditionally, progressive gains in firms' global competitiveness have supported the delivery of higher *consumer perceived values* (CPVs), regardless of their respective origins and locations. They have also enabled firms to overcome existing barriers at the time and reach prospective consumers in the far corners of the world. The actual imposition, or

✉ Hamid Etemad
hamid.etemad@mcgill.ca

¹ McGill University, Montreal, Canada

even the threat, of raising barriers effectively reduces the comparative and competitive advantages that energized international mobility and supported the delivery of highest CPVs. These traditionally accepted practices have come under pressure and are questioned in some circles.

Historically, resourceful and strategically diversified large-scale enterprises (LSEs), such as multinational enterprises (MNEs), have reconfigured their global portfolios and avoided similar troubling circumstances at the time. In contrast, resource-poor and time-constrained smaller enterprises, such as internationalizing SMEs (iSMEs), and their value-oriented customers have suffered, as smaller firms could not easily avoid, or jump-over, imposed barriers. Collectively, these troubling developments suggest a need for the re-examination of the state of firm's competitiveness in relation to the rising adverse impact of unexpected barriers and environmental or institutional impediments. A possible starting point is to revisit the influential factors motivating internationalization, including the origin(s) and drivers of initial competitive advantages and sources of support, which gave rise to a *firm's perception of global competitiveness*. In light of the rising magnitude of taxing barriers, such re-examinations is assuming heightened importance, especially for SMEs whose constrained resources and capabilities may have not provided for sufficient reserves to overcome the adverse impact of rising barriers. The taxing impact of unanticipated higher barriers may have varying degrees of dampening effects on development of the required higher competitiveness. In the younger and smaller firms, these adverse impacts may deeply affect their current state of affairs with equally adverse consequences to follow over time. In others, it may cause slowdown in, if not stop of, their international growth and development. The severity of barriers may also lead to retrenchment and de-internationalization (Benito 2005; Benito and Welch 1997; Welch and Welch 2009), especially in iSMEs. These arguments suggest the need for revisiting the source(s) or drivers of competitive advantages, and their consequent global competitiveness for delivering high CPVs, by retracing them back to their origins, and forth for identifying under-utilized margins to deal with unanticipated, but on-coming, adversities. Logically, a framework capable of a two-way recursive-tracing of competitiveness¹ over a firm's life cycle (FLC)—i.e., backward towards to the firm's origins, and forward towards to the firm's maturity—may provide for such strategic analysis. Therefore, the concept of firm life cycle is proposed as the analytical tool for offering some potential insights here after.

Traditionally, the firm's approach to, and its strategy for, internationalization has evolved over time. However, a firm's formation of its foundations in its early inceptive stages is likely to leave a lasting imprint on their evolution over time. While time is a true measure of firm's age, it is not a measure of its maturity, nor is an indicator of the firm's global competitiveness or internationalization strategies. However, FLC can characterize a firm's prevailing "state of life" and explore if the lasting imprints of the early stages may have influenced their state of internationalization. We propose to use a combination of time and FLC as "state" variables to portray, and reflect on, the firm's internationalization strategies as it grows and evolves over time. The firm's stages of life cycle can, therefore, characterize the firm in terms a different combination of evolving resources, capabilities,

¹ This two-way recursive examination parallels the lasting influence of person's genetic make-up, or biological DNA, on one's state of health over time, which is not examined routinely; but the search for life-treating conditions may necessitate a retracing back to one's inceptive make-up.

competencies, influential factors, and forces; some of which carry the firm's inceptive imprint and some are acquired from other sources as firm evolves. Accordingly, it is logical to raise the following two questions: How do the inceptive processes conceive the seeds that grow into internationalizing start-up (iStart-ups) that soon become internationalized SMEs (iSMEs), Born Globals—BGs (Rennie 1993; Knight and Cavusgil 1996, 2004; Knight et al. 2004; Moen and Servais 2002), international new ventures—INVs (McDougall and Oviatt (1994, 1996, 2000) and McDougall et al. 2003), rapidly internationalizing enterprises—RIEs (Baldwin 1998; Etemad and Keen 2007; Etemad and Wu 2013; Keen and Etemad 2011, 2012; Rialp et al. 2005; Parsley and Halabisky 2008; Thomson 2005); and what are the consequent impacts of different conceptions at inception? The balance of this section further elaborates on the above questions and examines various empirically tested pathways from inception and birth to maturity.

Structurally, this article is composed of four parts. Following this introduction, the “[Towards an analytic framework](#)” section develops the concept of firm's life cycle (FLC), which relates the characteristics of the firm's inceptive early life to the various stages that follow, including the internationalization phase. It also draws attention to the carry-over and imprinting impacts of such characteristics on the firm's value creation processes and competitiveness, where policy-induced barriers to international mobility are likely to have adverse impacts, especially on the smaller and younger firm's internationalization. In “[The highlight of articles in this issue](#)” section, the FLC framework serves as the analytical framework for highlighting and portraying the other articles in this issue. Conclusions and implication are presented in the “[Conclusion and implications](#)” section of this article.

Towards an analytic framework

As discussed in the “[Introduction](#)” section, firms change as they mature *over time* and travel through different stages in the *firm's life span or life cycle (FLC)*; but they are *highly likely to carry over their original inceptive make-up with them over their lives*, to which we refer as *patrimonial heritage*. The concept of product life cycle has a long history of use in different fields, such as inventions, innovations, management of technology (Klepper and Miller 1995 and Klepper 1996), and marketing. Along with the further development life cycles concept, it has been used at different levels of analysis for examination of different context-dependent functions. At the firm level, for example, there exist an extensive literature on the influence of FLC on different aspects of the firm's operations, including internationalization and growth (Adizes 1979, 1989; Etemad 2004a, b; Ruokonen et al. 2008). In marketing, for example, the life cycle concept has provided a comprehensive perspective (e.g., Crane et al. 2017; Kotabe and Helsen 2010) over a product's (or service's) life cycle (PLC), starting from the early idea-inception, proceeding to the creation of new products (or services), and their appearance in the market (e.g., the birth stage). Products go on to achieve growth, maturity, and eventual decline (e.g., disappearance or withdrawal from the market), all roughly patterned after stages in human life. Different fields of inquiry have focused on different stages of such life cycles. For example, fields concerned with invention, innovation, and management of intellectual property (IP) and technology have been mainly concerned with inventive activities of the early stages that would lead to

realization, and formalization, of intellectual property (IP) with profound effects to follow. Similarly, processes involved in starting up a new enterprise, and early-stage entrepreneurship, have examined the commercial viability of a new idea, invention, knowledge or intellectual property, regardless of form of the IP. These inceptive stages are generally knowledge- and experience-intensive and take much funds and time while facing high risks and uncertainty. The need for the protection of the potential IP in various forms—e.g., industrial secret, patent, and trademarks—in order to keep these processes from the preying eyes of the competitors, and public in general, before the IP's security is assured; we know much less about various processes in these inceptive stages than others that follow,² although their consequences will eventually appear in the public market place, become observable, and can be examined, when necessary; and hence, the need for a retracing back to the lasting impact of inceptive stages.³

Stages of life in the firm's life cycle framework

Following Agarwal (1996, 1997, 1998), Aldrich and Martinez (2001), Audretsch (1991), and Evans (1987a, b), the proposed FLC further expands on the Etemad's (2014b) five-stage theoretical framework but avoids the seven and more stage suggested by others. We will be referring to these five stages as (i) *initial conception, inception, and formation*; (ii) *birth (or start-up) and infancy*; (iii) *early life and rising growth*; (iii) *adolescence and slowing growth towards maturity*; (iv) *steady-state or stagnation*; and (v) *revival (re-birth) or death*. A schematic representation of these lifecycle stages are depicted in Fig. 1 and the pertinent characteristics of the various stages are further discussed below.

Stage 1: Conception, inception, and formation The true idea behind an organization, from which a smaller and younger firm emerges, starts sometimes before the firm's formal establishment. For example, potential, actual, and serial entrepreneurs ponder on new concepts or ideas for some times, analyze associated opportunities, explore their feasibilities and *build supporting foundations for them long before formally creating a firm*. This gestation-period's preparations and processes may have a profound effect on what that follows and may take from a few days to a few years, depending on the complexities of preparations and processes as well as the founders' far-sightedness, before founders' readiness to starting-up the firm off the ground. At times, many of the required elements are not known in advance and may change as the foundations of the proposed start-up are built. In general, serial entrepreneurs with rich background and experiential knowledge may establish their firm with much stronger foundations faster than novices. For example, it may take a graduate student a few years to build on an idea and complete the required research for completing his discovery to serve as the

² This stage shares characteristics of human pregnancy, where we know much less about the pre-birth state of the fetus before birth.

³ In contrast and beyond the protective processes, the field of marketing, for example, is deeply interested in promoting new products in the public market place as soon as possible and ensuring that they grow to maturity unhindered. As opposed to the somewhat opaque pre-birth stages of new products, the field of marketing has developed deep expertise in the launch of new products and their required support for consequent growth and internationalization, which has been the focus of IE enquiries.

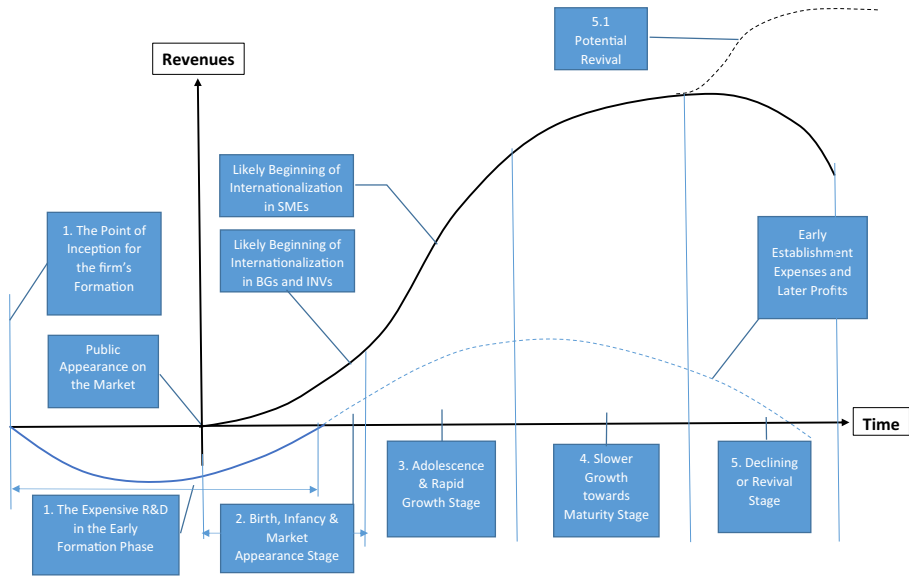


Fig. 1 Phases and stages in a firm's life cycle (FLC)

seed for a new start-up; and that start-up may remain relatively feeble in its early life. Therefore, the inception-to-establishment period may vary due to many factors.

Generally, the embryonic stage is a highly resource and time intensive and requires much effort from the founder-entrepreneurs. Its overall focus is on early development of business concepts, usually based on founders' entrepreneurial capital, expertise, knowledge resources, intellectual property, among others, on which the formulation of tentative early business plans and the consequent competitive advantages will be based.

Analogically, the broad concepts of management of knowledge and knowledge-intensity in inventive and in creative activities characterize the formation and inception stage. It is noteworthy that the effects of this stage leave *an imprint on the life of the firm, including the process of value-creation and value-capture processes that give rise to, and support, the firm's competitiveness*. Naturally, entrepreneurs, founders, or inventors only take the formal establishment steps, if and when they perceive high enough competitiveness to carry the emerging firm to the subsequent growth stages; but only markets can validate their perceptions. Similarly, the founders' preparations for facing the market will also have a lasting effect on the firm's actual success.

The early life cycle stages of internationally oriented entrepreneurial start-ups are similar and follow the above characterization. However, a young firm has one, or very few new products, before their appearance on international markets at the beginning of their evolutionary internationalization.

Stage 2: Birth and infancy This stage generally starts with the firm's formal establishment, or the legal birth, which may take the form of an independent firm, be spin-off of a knowledge-creating institution (e.g., universities) or become a mandated subsidiary unit of a large-scale enterprise (LSE) for giving life to new product (or service) for creating market value. Initially, the founders feel confident about the competitive power of the knowledge, or the IP, behind their firm's business plan. This state may continue

while there is no tangible questioning, if not negating, the underlying knowledge or plans supporting those concepts facing the market. This stage has been characterized as *knowledge-intensive and innovation-based activities* with expectation of high potentials. The force behind such innovative activities may in part be due to the concept of entrepreneurial capital (EC)—i.e., the unbounded *entrepreneurial proclivity*, aspirations, and efforts of the founders (Etemad and Keen 2014 and Keen and Etemad 2012). Experienced serial entrepreneurs bring a lot of intangible entrepreneurial, experiential, knowledge, and even social capitals (SC) along with to this stage. As such founder-entrepreneurs' accumulated intangible EC and SC can further enhance the young firm's tangible resources, they should be considered as *integral and strategic* parts of that *patrimonial heritage* to be carried over progressively from the previous inceptive stage. As discussed earlier, such *strategic patrimonial heritage* enables growth at the home and international markets—sooner for BGs, INVs, and RIEs and later for others (Baldwin 1998). Similar to a child, very young firms are highly vulnerable and need nurturing and protection against predatory competition, and policy-driven barrier, as smaller and younger firms are unlikely to have reserved resource, accumulated and set aside for rainy days, to fight such adversities and impediments. However, the origins, potentials, and *state of their strategic patrimonial heritage* may allow them to ramp up to respond to such adversities as required. Therefore, the absorptive capacity and leveraging capabilities of their strategic patrimonial heritage may protect them from international competitive hazards; but not from barrage of unexpected policy-driven and protective barrier. Although LSEs can reduce their exposures to protective policies and pave the way for further growth, a smaller and younger firm will have to accumulate resources and to raise its global competitiveness in order to overcome barriers, which may take time and efforts. In short, survival beyond the early stages (Klepper 1996) is highly dependent on the sustaining power of the firm's strategic patrimonial heritage carry over from the previous to the next stages.

Stage 3: Adolescence and international growth Similar to growing children in the world of grown-ups, young firms need to learn and accumulate resources in every possible way (Adizes 1979, 1989). A young firm needs to draw upon its accumulated capabilities, knowledge, learning (Nonaka and Takeuchi 1995 and Nonaka 1994) and resources carried over from previous stages; but it also needs a supportive environment to gain global competitiveness, legitimacy, and recognition in order to overcome adversities, including policy-driven barriers, to grow in global markets. These are required for appealing to value-oriented international customers in transparent international markets dominated by other competitive, entrenched, large, resource-rich, and at times protected predatory firms. Naturally, taxing barriers are likely to alter the balance in favor of policy-targeted firms in this stage. The noteworthy point is that the power of a firm's strategic patrimonial heritage carried over from inceptive stages may save the firm and even enhance its growth. In turn, the firm's growth may further strengthen its strategic patrimonial heritage as well.

Stage 4: International growth towards maturity The firm's organization becomes relatively capable, if not mature, at this stage with at least one successful family of products and services actively competing in the market. However, the likelihood of slowdown increases with time and the age of the product line. The firm may succeed in

building on, and leveraging, its successful product lines (or services) and even initiate internal innovative change, especially if external technological change accelerates. Although its accumulated portfolio of knowledge, capabilities, and competences may have also matured; but gains based on its strategic patrimonial heritage may likely support renewal or slower growth rates than its previous stages of relatively rapid growth. This stage usually coincides with the maturity, if not decline, of the firm's older product lines. This stage may also see a slow growth of its younger product lines, which are critical to its stable or increasing market share. The firm of this stage is characterized by slowing growth *towards a steady-state, and possible stagnation*, as most of its older products and markets had become, or becoming, mature.⁴

Stage 5: Decline, revival, or re-birth A firm begins to enter this stage when the organization cannot adapt and change itself fast enough to remain competitive in its changing environment. Declines in this stage may be the direct consequence of policy-driven barriers, over which the firm could not climb. Naturally, punishing barriers may result in premature declines, if not bankruptcy. In contrast to previous stages, where the firm was leading, or far above the required global competitiveness, the firm may have imperceptively fallen victim to adversities, including policy-driven barriers. Such firms are likely to be suffering from the consequences of one, or a combination of, the following processes:

- i) *Blindness* (when an organization is unable to recognize changing trends and brewing problems)
- ii) *Incapable of taking corrective action due to the restrictive characteristics or aging patrimonial heritage carried over from its inceptive stage*
- iii) *Increased hostility of their global market environment*, among a host of others, leading to inevitable dissolution, when the firm can no longer overcome adversities and barriers.

Facing slow growth, or precipitous declines, due to adversities, the strategic patrimonial heritage could strengthen their global competitiveness and raise their CPVs sufficiently in a subset of cautious firms by, for example, reconfiguring its strategic assets fast enough for re-direction and renewal. For example, the launching of new family of products (or services) or localization of their international operation to overcome entry barriers (one of the aims of policy-driven entry barriers) may begin the renewal process. The noteworthy point is that such renewals will depend on *the potency of the firm's strategic patrimonial heritage*. Alternatively, if firms can shed their restrictive practices, some going back to their inceptive stages, they may launch numerous incremental improvement for creating *a hybrid multi-product, multi-purpose, and multi-channel platform operations to avoid the traditional hazards of traditional growth paths, including policy-driven barriers*.

In short, the lessons of the above FLC framework, and especially the potencies of what we have called as *strategic patrimonial heritage*, should provide a mutually

⁴ In the paper, we will not further explore the possibility reaching Steady-state or Stagnation (Crick 2002 and 2004), where the firm operates steadily in terms of activities, size, revenues, and market share. However, international companies are less likely to experience this stage for long.

accommodating context for relating the articles of this issue and also highlighting their levels of support for the proposed framework.

The highlight of articles in this issue

The second article in this issue is entitled “Are entrepreneurs made on campus? The impact of entrepreneurial universities and graduates’ human capital on graduates’ occupational choice” and is authored by Stefan Krabel. This article goes beyond the impact of education on students’ entrepreneurial intentions. Based on a study of alumni and graduates conducted at the Centre for Higher Education Research in Kassel, Germany, the article suggests that the entrepreneurial orientation and entrepreneurially based practice of universities, beyond the traditional teaching and training, have lasting and significant impacts on the employment choices of their alumni and graduates. Such entrepreneurial practices go beyond theoretical and practical training. They expose their students to a rich variety of intangible resources stimulating entrepreneurship, including but not limited to the following:

- i) Contacts with a network of successful alumni and graduates turned entrepreneurs
- ii) Involvement in early entrepreneurial firms and university-based or knowledge-intensive spin-offs
- iii) Provide them with a chance to participate in the university-based incubators and accelerators to learn about, and possibly avoid mistakes and failure as portrayed by Sitkin (1992) and Shepherd (2003), among many other compromising early-stage hazards
- iv) Provide them with a sense of anticipation of potential problems and in-stream insight, if not the capability, for dealing with them as they emerge.

Nearly all of such stimulants will positively influence the graduates’ choice of self-employment, entrepreneurship, and their capability of starting up their own embryonic firms by drawing upon their university-based connections for accessing expertise, networks of entrepreneurs and supportive knowledge resources to resolve, if not avoid, unforeseen problems and delays, early-stage mortalities by building a solid foundation for dealing with adversities (Aspelund et al. 2007) as they emerge. Logically, one can then think of entrepreneurially oriented universities as the generators of a type of entrepreneurship, reaching far beyond their traditional roles of creating new knowledge through research, scholarships, and teaching students. They could be viewed as institutional engines for exploiting their newly generated knowledge, new discoveries, or new ideas, as seeds for growing spin-off *on the fertile and supportive grounds* university-based entrepreneurship to generate incremental employment, income, and wealth for the university community as a whole, including its graduates and alumni. Naturally, university-based incubators and accelerators not only can encourage higher and stronger hands-on in-stream entrepreneurship and enhance chances of their spin-offs to attain success; but they can also generate a conducive environment for solving real and challenging problems facing in-stream students, scholars, staff, researchers, and those involved in university-based incubators and accelerators. Such efforts are

likely to lay strong and lasting foundations for the emerging *firm's strategic patrimonial heritage*, discussed earlier, to result in three noble outcomes:

- i) A much better-prepared, trained, and motivated students, coupled with more solidly based and fruit-bearing spin-offs, capable of generating higher royalties, possibly shorter time to break-even and profitability, if not early internationalization; all of which can handsomely enhance the university's social standing and raise its score on the entrepreneurial university index (as discussed in the paper).
- ii) Much better prepared start-ups and spin-offs with a superior DNA carrying the imprints of the university-based and knowledge-intensive institutions.
- iii) A move towards a partial transformation of the university's research and development efforts towards timely solution of the society's difficult and challenging problems, including those of their own spin-offs and start-ups (Etemad 2014a).⁵

The implication of the above discussions is that, the entrepreneurially oriented universities are in position to create a strong *strategic patrimonial heritage* for their stakeholders, including the founders of spin-offs and start-ups, and also augment their fruitions as they grow through their stages of respective life cycles.

The next article adopts a broader approach and expands beyond universities. It focuses on the general impact of institutions on generation of inventions and their transformation into corresponding innovations. From the new knowledge-creation (or new ideas, products, processes, or services generation) perspectives, creative and innovative institutions, regardless of their industry, size, and immediate outcomes, parallel knowledge-intensive and entrepreneurially oriented universities (as highlighted above). However, when and if commercialized, new inventions serve as the *heirloom seeds of entrepreneurship* and act as active and fertile grounds for generating incremental expertise, experience, and knowledge as well as incremental employment, income, growth, and wealth without dependence on institutional strings of university attachments. As discussed in the "Introduction" section, the protection of the embryonic firm's IP may lead to the generation of strategic assets, or create stronger foundations for the strategic patrimonial heritage in the firm's inceptive stages to empower their management to reach far beyond embryonic stages and home markets by gaining global competitiveness earlier-on. Consider, for example, that even patents expire after some elapsed time and need further protection of their revenue stream through related innovation or advanced replacement to preserve the firm's healthy growth, which is similar to the need for a farsighted vision beyond the immediate need of stages three or four in the FLC framework. The very decaying nature of knowledge-intensive assets and IPs also suggests a farsightedness beyond the life of legal

⁵ Etemad (2014a) has argued that universities have traditionally been well equipped to find rich solutions for not currently binding scientific, social, or entrepreneurial problems; while many institutions and enterprises have been hampered by many challenging problems at the time. However, university-based (or research-based) hospitals and dental clinics (as well as the faculties of Agriculture and a few similar research-intensive institutions) are exceptions. The flow of patients into hospitals and clinics with problems require offering effective and timely solutions, which is a testimony to the effectiveness of their problem-solving potency in such institutions. For example, cancer patients do not have much time and cannot wait for too long for a solution to emerge. The entrepreneurially oriented universities seem to have adopted a page from the operating books of the university-based clinics and hospitals. The problem-solving orientation of the university-based clinics and hospital merits a university-wide adoption.

protection, thus resembling the carry-over or the regenerative characteristic of strategic patrimonial heritage, discussed earlier.

The third article in this issue is entitled as “A cross-country comparison of the effects of institutions on internationally oriented innovation” and is co-authored by Irina Ervits and Malgorzata Zmuda. This article distinguishes between resource-constrained SMEs and resource-rich large-scale enterprises, such as MNEs. As discussed earlier, MNEs routinely internalize (e.g., see Dunning 1988 and Verbeke 2009) their newly acquired knowledge within their network of sister subsidiaries for higher global competitiveness, regardless of its source and origins, which allows them to further build on their accrued benefits. MNEs not only support the fruitful deployment of such knowledge resources internationally but also they strongly protect and defend them as well. Patenting is among other protection strategies that give them an added layer of security. However, SMEs are more likely to seek the formal protection of patents and trademarks as indicators of their competitive advantage in order to leverage them for their early internationalization as soon as possible. Although most patent applications take more than the average of 2 years from the date of filing before approval (or rejection), a portfolio of “pending patents” is a recognized comparative, if not competitive, advantage, which could be leveraged in a timely fashion within that duration and beyond. Time plays a critical role here. On the one hand, there is the likelihood of disapproval of a pending patent; and on the other hand, the likelihood of more advanced innovation emerging within the legally protected time is ever-present. Disregarding the extent of relationship between the older and the newer inventions—which needs to be declared under “prior art” in the patent application—the likelihood of the more advanced inventions emerging increases with the elapsed time, which in turn decreases their marketability and competitive advantage over time. As stated earlier, the value of knowledge-based assets and resources decay with time, which in turn apply further pressure on smaller enterprises to commercialize them as rapidly and as widely as possible through internationalization, in spite of their inherent difficulties. Such difficulties arise from institutional barriers at home, environmental hostility in the host country and in the international environment, including corruption, discrimination, and the likes. However, a subset of knowledge-intensive enterprises overcome obstacles to rapid growth through internationalization and become “global innovators.”

Based on a very large database of patent application in 43 countries, published in 2013, the authors (Ervits and Zmuda) found strong support for such time-compressed and resource-based pressures in general and reported on the adverse impact of “corruption perception index (CPI)” on “global innovators”; while LSEs seem to escape such adversities unaffected. In short, the broadly based research of this article confirms the crucial triggering role of inventions, innovations and their corresponding patents in supporting, if not creating, “global innovators,” most of which become Born Globals and RIEs. Stated differently, the likelihood, if not the fear, of undue and untimely dissipation of the expertise and knowledge underlying SMEs’ knowledge-intensive assets, characterized by patents, push SMEs to become global innovators sooner than later. Again, knowledge assets serve as early-stage seeds for growing BGs, iSMEs, iStart-ups, and RIEs protected by limited formal protections (e.g., less than 21 years for most patents); which in turn force them to devise strategies to preserve their strategic knowledge assets that can potentially serve as the firm’s strategic patrimonial heritage, created in the inceptive stages with carry-over capabilities beyond inceptions, to enable growth and protection from adversities.

The fourth article in this issue is entitled “Entrepreneurship, economic development, and institutional environment: evidence from OECD countries” and is co-authored by Rafik Abdesselam, Jean Bonnet, Patricia Renou-Maissant, and Mathilde Aubry. This article takes off where the previous articles left off. As the title of the article indicates, the team of the above authors explored the economic and institutional drivers of economic activities in the OECD group of countries. They explored the complex relationship between the twin issues discussed earlier—i.e., *the complex dynamics of entrepreneurial proclivity* (Holbrook 2003 and Etemad 2004a, b) (alternatively termed as strategic patrimonial assets or heritage in early stage of firm’s life cycle) and the *institutional environment*, including the economic, financial and regulatory components. The former empowers growth and internationalization and economic development; while the latter can be a nourishing and supportive driver, or conversely, as restrictive and taxing driver of entrepreneurship and of economic growth and development.

The authors’ research was carried out on their database containing variable pertaining to entrepreneurial activities, growth, and labor conditions in OECD countries from 1999 to 2012. The database covered three distinct periods:

- i) The period of growth conducive to increased entrepreneurial activities and growth between 1999 and 2008
- ii) The financial crisis period of 2008 to 2010 damping entrepreneurship and economic development
- iii) The recovery period of 2010 to 2012 with reduced levels of entrepreneurship and economic growth, mainly due the inflicted damages of the previous period.

Furthermore, this research pointed to the resilience of countries capitalizing on their indigenous agriculture, or on their knowledge-intensity, with less reliance on global financial environment. This article also formulated policy recommendations pertaining to enhancing, protecting, and supporting entrepreneurship against environmental and financial adversities, policy-driven or otherwise.

The fifth article in this issue is entitled “A study on development strategy of Korean hidden champion firm: Focus on SWOT/AHP technique utilizing the competitiveness Index” and is co-authored by Sang Suk Lee and Youn Kyaei Chung. This article shares important events and their consequences with the previous article—i.e., the period of financial crises in South Korea and the positive and lasting impact of entrepreneurially oriented strategies of what the authors call as “hidden champions” on Korea’s recovery leading to the global competitiveness of South Korean firms. The research supporting this article was based primarily on the analysis of information collected by a survey of 61 potential “Korean hidden champions” and 45 “experts.” Through a SWOT/AHP-based analysis, the authors suggest that there has been and possibly still are ample global opportunities for internationalization of such hidden champions’ technological advantages and global competitiveness. We learn that some of hidden champions are OEM suppliers and highly dependent on the large and successful Korean MNEs. Some of these Korean MNEs, including Hyundai Motors, Hyundai Heavy Industries, Hyundai Mobis, KIA Motors, LG Electronics, Posco Corporation, Samsung Electronics, and SK Innovations, are among a host of other firms with multi-billion dollar global sales revenues. This research provides not only a practical methodology for identifying highly globally competitive firms that can take direct advantage of international markets; but it also provides

confirmatory support for the proposed FLC framework in general and its strategic patrimonial heritage in particular. This article's conclusions suggest that these firms must embark on their own independent development of advanced competitive technologies to create highly reliable and competitive global brands for delivering high CPVs to global consumers with their active direct presence in such markets as other Korean MNEs have done as opposed to relying on them for further development and growth.

Conclusion and implications

This article proposed a five-stage life cycle framework to relate developments in a firm's earlier stages of life span to its continued growth and internationalization, which are generally, if not should be, based on the firm's global competitiveness, supported by commitments to, and investments in, early-stage assets, capabilities, and resource for gaining progressive potencies to enhance other stages and presence in the international markets. To distinguish such enabling concept in early stages with lasting effects from others, we called it as *strategic patrimonial heritage* capable of empowering a firm to develop an early capacity to overcome adversities and policy-driven barriers in order to deliver the highest possible CPV to consumers in the far corners of the world through its global competitiveness. We examined different sources of lasting competitive advantage and global competitiveness with carry-over potentials on the firms' internationalization and growth by exploring the attributes of four empirically tested options, including the following:

- i) The powerful dynamic and interactive impact of entrepreneurially oriented universities on entrepreneurship with sustained capabilities
- ii) The development of knowledge-intensive and innovative activities as another basis for continued entrepreneurial value creation over time
- iii) The direct and lasting influence of financial and institutional environment, both positively enhancing and adversely impacting, on the state of entrepreneurship
- iv) The need for continued entrepreneurially based gains in competitiveness to support independent presence in international markets for the delivery of the highest possible CPVs to global consumers in the world markets.

The inescapable implications of this article are threefold. First, a conducive and supportive policy environment at home needs to protect younger and smaller firms aspiring to internationalize entrepreneurially from adversities and barriers imposed by other self-serving jurisdictions. We referred to this as *policy-driven barriers* that adversely affect iSMEs more than others. Second, provisions for encouragement, education, training, and support need to be provided to entrepreneurial start-ups in the early stages of their life span for building solid foundations—i.e., the concept of *strategic patrimonial heritage*—with carry-over capabilities for energizing, enhancing, and supporting necessary activities in other stages, on which a growing firm would rely for the rest of its active life. The case of Canadian rapidly internationalizing enterprises (RIEs) serve as vivid examples here (Bordt et al. 2005; Parsley and Halabinsky 2008, Halabinsky et al. 2006). Third, there is the need for enhancing, if not instituting, an entrepreneurial orientation in the post-secondary educational institutions, including science-based and research-intensive universities. Such orientation seems necessary

for encouraging university-based scholars and students to pursue new ideas, new discoveries, and new inventions entrepreneurially, from birth to maturity far beyond the classrooms and the educational institutions and into the world markets, by related twin policies that may include but not limited to the following:

- i) Encouraging and rewarding their scholars to extend their research interest in scientific discovery and inventive activities far beyond publications and into innovative activities and spin-offs to serve both the university community and the society at large, and
- ii) Supporting their in-stream students' entrepreneurial initiatives, including start-ups, in a coordinated and parallel fashion, in order to lay solid strategic foundations for their creation of incremental employment, income, wealth, and well-being through growth and development.

Finally, and on the behalf of the Journal of International Entrepreneurship (JIEn), I invite the scholarly community to take up the challenge of expanding on the important issues discussed above, including but not limited to the following:

- i) The increasingly important role of educational institutions in encouraging, if not training, the potential founder-entrepreneurs of smaller younger firms and to assist them in building solid foundations in their inceptive stages capable of carrying them over into their unfolding life span
- ii) Encouraging both the alumni and the university community to coordinate their innovative, regenerative, and supportive activities beyond in-stream activities
- iii) Carrying out a thorough examination and reformulation of conducive national policies to help iSMEs to overcome international barriers. Naturally, the journal is open to receiving research papers or proposals for special issues on the above and closely related subject matters.

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