

## Editorial note

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This summer issue follows the spring's thematic issue on “Aspects of Innovation and International Entrepreneurship”. The overall theme of the issue concerns the factors that influence the extent and speed of internationalization in different institutions and environments. For the first time in the history of the journal, this issue introduces two new features: a second abstract and the summary highlight. In addition to the journal's customary abstract in English, each article presents a second abstract in French, German or Spanish. Also, the article's summary highlight addresses the Contributions, Research question/Purpose, Results/findings, Theoretical implications and recommendations and Practical implications and recommendations. These additions are designed to facilitate reaching a wider audience and making each article more accessible to readers.

The first paper in this issue is entitled “Perceived resource deficiency and internationalization of small-and medium-sized firms”, coauthored by Yi Henry Xie and Taewan Suh. As the title indicates, a *perceived* deficiency can be viewed as an internal barrier to internationalization. It can delay the process. It can also limit the extent and reduce the speed of internationalization.

In my previous editorial note, I commented on the “death of distance” triggered by a discussion in one of the articles in that issue (volume 12, No. 1). The broad concept of distance has been with us for a long time and has received different treatments in the literature. One of the early treatments of the concept was offered by Johanson and Vahlne (1977) introducing the topic of “Psychic Distance” with at least two types of components: objective (or tangible—e.g. geographic distance) and perceived (or intangible—e.g. a perceived deficiency in a firm's resources and capabilities to deal with the environmental difference between the home and host markets). Johanson and Vahlne suggested that country markets with smaller psychic distances from home exposed the firm to lower risks and required lower challenges and resources; higher distances required higher resources, capabilities and knowledge, which implied higher initial perceived risk exposure leading to lower initial commitments, especially when the firm's constrained resources reduced its risk tolerance and capacity to deal with adversities of such foreign operations. Although geographic distances have not

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changed, the cost of shipping and transportation have declined considerably to the extent that geographic distances no longer pose as a major barrier to internationalization due to the continuous efficiency gains in logistics and transportation services.

Rampant globalization over the past two decades may have also reduced socio-cultural differences, but some perceived differences still remain. Similar to the advancements in transportation and logistics, making them more efficient, the advancement in communication and information technologies (CIT) have played a significant roles in providing information about various markets' environmental characteristics thus reducing the previous information deficits that gave rise to the perceived environmental and, especially socio-cultural, distances.

On the other side of the ledger of differences are the required resources and capabilities for dealing with perceived or real distances. This is where the top management team's (TMT's) perceptions become critical. At one polar extreme, the TMT's perception may overestimate the extent of challenges and difficulties associated with internationalization and underestimate the firm's capabilities and resources for dealing with them. Logically, such perception of inadequacy is bound to adversely impact the state (e.g. initiation, extent and speed) of internationalization, especially in smaller firms facing constrained or poor resources. At the other polar extreme, the opposite case may be perceived, thus resulting in the firm's experiencing unexpected difficulties (due to underestimation of challenges) for which the state of firm's true resources and capabilities was indeed inadequate, thus leading to lower penetration, lower commitments and slower speeds of internationalization.

Against the above background, Xie and Suh argue that management's perception of the firm's resources could be a barrier to internationalization triggering two research questions: Does a perceived resource deficiency constitute a barrier to internationalization, and if so, what is the difference between knowledge-based and other firm-specific resources? The paper integrates the resource-based view of the firm (RBV) and technology acceptance model (TAM) to formulate four hypotheses dealing with different aspects of perceived resource deficiencies. These hypotheses were tested for Korean small- and medium-sized enterprises (SMEs) and the findings are presented and discussed in the paper.

The second article in this issue is entitled "Internationalization capabilities of SMEs: A comparative study of the manufacturing and industrial service sectors" is coauthored by Louise Raymond, Josée St-Pierre, Sylvester Uwizemungu and Thang Le Dinh. This comparative article complements the first article very well and expands upon the firms' state of resources and capabilities operating in two broad sectors from two different countries. It argues that globalization has made internationalization necessary for many SMEs as the product of life-cycles are shortened and the level of global competition in their home and regional markets are increased, thus exposing them to potentially higher operational risks abroad as well as at home, requiring SMEs an increasingly higher global competitiveness to grow and to survive. It further argues that SMEs need to either develop their own distinctive strategic capabilities across the board or to outsource some of the required capabilities, in order to allow for specialization in others, necessitating further collaborations with their partners and suppliers. Within that context, the service industry is no exception, especially when it is embedded, and competitive in knowledge-intensive environments. As the result, the article asks two related questions: (i) to what extent strategic capabilities influence export performance

and (ii) does the SME's activity sector affect the relationship between capability and export performance? The article develops four sets of hypotheses regarding the relationship between export performance and strategic capability developments, comprising human resources development capability, product/service development capability and market development capability. These relationships are tested on a sample of 347 Canadian and French SMEs in both the manufacturing and industrial services sectors, through a set of three structural equation models for the following: (i) the sample as a whole (347 Canadian and French SMES), (ii) 61 SMEs in the industrial services and (iii) 286 manufacturing SMEs. Overall, the three estimated models have highly significant path coefficients with very acceptable reliabilities and validities for most relationships with the one notable exception—i.e., statistically insignificant path coefficient for the relationship between market development capabilities and export performance across all the three models, which is further discussed in the article.

The third article in this issue entitled “Export performance of small firms from small countries: The case of New Zealand”, is co-authored by Sarah H. Casey and Robert T. Hamilton. Within the overall context of export performance and firm capabilities, this article presents a complementary perspective—that of small firms from small countries. The authors argue that the success of small exporters in small counties (where small market size limits firm's growth at home) depends on their extensive export in order to attain growth and contribute significantly to the small home economy. The pertinent literature had suggested that such small firms would need to concentrate their export efforts on a single market or on a very few markets, to avoid a low allocation of their small resources and capabilities over a large number of markets. However, a detailed examination of some 249 small New Zealand exporters revealed the contrasting results. The authors report that the successful New Zealand exporters have adopted multiple-market strategy supported with their higher R&D expenditures and company-owned channels of distributions in their distant international markets. If one assumes that R&D expenditures are proxies for product development and market-support capabilities, discussed in the second paper, then this paper's result are complementary. In contrast, however, the second paper did not find highly significant or large path coefficients for the relationship between market development capabilities and export-performance. Similarly, developing one's own distribution channels in an export market, as compared to deploying locally owned and locally operated distribution channels, requires higher commitments and higher involvements and must be associated with higher market development capabilities in those local markets, which has not been associated with smaller firms with constrained resources nor does it confirms the findings of the second paper. This difference may be in part due to the following: (i) differences in measurements of the two constructs (i.e. market developments and export market performance) in the two articles, (ii) the diversity of the firm's perception of their capabilities in relation to the state of their target markets, and (iii) possibly related to differences in the developmental stage of distribution in the export markets of firms in the two samples.

The fourth article in this issue entitled “The determinants of internationalization speed of Portuguese university spin-offs”, is co-authored by Aurora A.C. Teixeira and Catia Coimbra. This article is also complementary to the previous articles of this issue: (i) it confirms that the higher support levels, especially higher R&D and the infrastructural supports, have a positive impact on the extent and speed of internationalization of small and knowledge-intensive university spin-offs (USO) and (ii) it expands the

discussion of the previous papers by examining the speed of internationalization. The concept of speed emphasizes the concept of time and its impact on internationalization and on the overall developmental path of SMEs. The introduction of the speed in smaller firms' internationalization is a concept (and measurement) with potential impact not only on the extent and scope of internationalization but also on the overall growth path of such firms in the international market, where time and speed play critical roles. Logically, time-related concepts, such as first mover advantage, leaning and rapid internationalization, among others, should have a positive impact on firm's internationalization.

Based on the review of the literature, the article develops 15 families of hypotheses, each consisting of multiple hypotheses, examining the impact of sets of variables on the speed (or the pace) of internationalization. As reported in previous articles, the extent of internal resources and capabilities has a direct impact on internationalization. The last paper reports that external support provided by, for example, technology transfer offices (TTOs) and science and technology parks (S&T) also positively influence the speed of USOs' internationalization. Given the fact that most USOs are knowledge-based and technology-intensive start-ups, their critical dependence on such complementary external supports are understandable. Although this article's finding that younger Portuguese USOs achieve higher internationalization speeds seems to be counter-intuitive, the highly time-dependent efficacy of their assets point to the urgency of deployment before the value of such cutting-edge knowledge-, science- and technology-based resources, in such products as advanced microelectronics and robotics, begins to decay with time. Similarly, and in contrast to the literature of born globals and international new ventures, the greater time requirements in more R&D-intensive ventures seem to lead to potential delays or slow-downs in early internationalization.

In closing, the explicit impact of time has not been sufficiently explored and I call on the scholarly community to remedy this ignored aspect. The journal is receptive to relevant papers and also proposals for dedicated thematic special issue dealing with the direct and indirect impact of time-related factors on internationalization processes.

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## Reference

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