

Three Decades of Excellence: A Systematic Review of Key Success Factors of Hidden Champions

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ABSTRACT

Purpose: This paper investigates the key success factors that have enabled hidden champions—small and medium-sized enterprises (SMEs) that attain global leadership in niche markets—to achieve long-term performance and competitiveness. Despite increasing scholarly attention, a comprehensive and unified understanding of these factors remains limited.

Design/Methodology/Approach: A systematic literature review was conducted, synthesizing findings from 58 peer-reviewed academic articles published between 1992 and 2024. The selected studies span various industries and geographic regions. The review adopts a qualitative synthesis approach to classify and interpret the success factors.

Findings: The analysis identifies three main categories of success factors: strategic (e.g., innovation capabilities, international orientation), organizational (e.g., leadership style, talent retention, resource efficiency), and environmental (e.g., supportive institutions, network integration). These factors demonstrate a strong degree of consistency across different contexts and are central to the sustained global positioning of hidden champions.

Conclusion: The study offers an integrative and multidimensional framework that consolidates the fragmented literature and advances understanding of the sustainable excellence of hidden champions.

Practical Implications: The findings provide actionable insights for entrepreneurs, managers, and policymakers seeking to replicate or support hidden champion models, particularly in emerging economies where SMEs face heightened global competition.

Keywords: Hidden Champions, Key Success Factors, SMEs, Leadership

Introduction

Over the past three decades, the concept of hidden champions (HCs) has attracted growing interest from academics and managers alike. First introduced by the term refers to highly specialized, innovation-driven small and medium-sized enterprises (SMEs) that are world leaders in niche markets, but remain largely unknown to the general public [1]. Despite their low profile, HCs have consistently demonstrated superior performance, international competitiveness and resilience in unstable economic contexts. This study aims to provide

a comprehensive and systematic review of the key success factors (KSFs) underpinning the sustainable excellence of HCs. While existing literature has explored various facets of their internationalization strategies, innovation capabilities and governance structures, no integrative synthesis has yet consolidated the multidimensional drivers of their long-term success. To fill this gap, our study identifies, categorizes and critically analyzes the most recurrent and important factors contributing to the global competitiveness of these companies.

Based on a systematic analysis of 58 peer-reviewed articles published over the past 32 years, this paper offers a longitudinal and multidimensional perspective on HCs. The analysis covers

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various academic fields - including strategic management, innovation, family business, international trade and organizational behavior - and includes studies conducted in both developed and emerging market contexts. Particular attention is paid to the strategic configurations, dynamic capabilities and leadership practices that distinguish these companies from traditional SMEs and large multinationals. By uncovering the patterns and mechanisms behind the exceptional performance of HCs, this article contributes to a better understanding of sustainable competitive advantage in high-performing SMEs. In addition, it offers valuable insights for policymakers, academics and practitioners keen to encourage the next generation of globally competitive companies, particularly in emerging economies. Our research design is as follow:

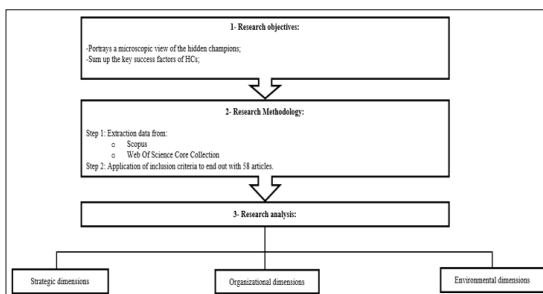


Figure 1: Research Design

Source: Authors

Literature review

Since the seminal work of Hermann Simon (1996), the concept of HCs has gradually evolved into a distinct research stream, attracting attention in multiple disciplines such as strategic management, international business, innovation studies and family business research [2]. HCs are generally characterized by three key attributes:

- They are among the world's top three players in their niche markets,
- They have a low level of public visibility,
- They are often small or SMEs that focus on innovation, quality and customer proximity (Simon, 2009) [3].

Initially anchored in the context of the German Mittelstand, the study of HCs has largely been limited to developed economies, with a particular focus on the export-oriented German industrial ecosystem. Early empirical work focused on descriptive case studies illustrating their unconventional strategies, such as market focus, long-term vision and sustained investment in R&D. These studies have laid the foundations for a better understanding of how these companies achieve and maintain global leadership positions in highly specialized markets. Over the years, however, the academic focus on HCs has gradually broadened. A growing number of studies have examined the phenomenon in emerging economies such as China, South Korea and Eastern Europe. These works highlight new dynamics, such as institutional voids, digitization and resource-constrained internationalization - factors that challenge and enrich previous theoretical models.

Moreover, much of the literature has converged on explaining the strategic behaviors and organizational capabilities that distinguish SCs from their peers. More recent contributions have adopted theoretical perspectives such as resource-based view

(RBV), dynamic capabilities theory and institutional theory to explain the sources of competitiveness and resilience of these companies. However, despite the growing body of knowledge, the field remains fragmented. Studies often focus on specific aspects (e.g., innovation or internationalization) without offering a holistic synthesis of the success factors behind HCs' excellence over time.

This article builds on, but clearly departs from, previous literature in two key ways. First, it is the most comprehensive systematic review to date, covering three decades of academic production on HCs. If previous studies exist, they are either limited in scope, methodologically narrow, or focused on specific regions or themes. Secondly, and more importantly, this study aims to consolidate fragmentary knowledge within an integrative framework of KSFs, encompassing strategic, organizational and environmental dimensions. In so doing, the paper contributes to a longitudinal and multidimensional understanding of what keeps HCs great. It not only traces the evolution of scholarly attention to this topic, but also highlights models and theoretical tensions that have not yet been explored, paving the way for a more unified research agenda on high-performing niche companies.

Research methodology

To gain a rigorous and comprehensive understanding of the success factors associated with HCs, this study adopts a systematic literature review (SLR) approach. The aim is to identify, evaluate and synthesize the existing body of academic knowledge in a transparent, reproducible and methodologically sound manner. Given the fragmented and interdisciplinary nature of the literature on HCs, a systematic approach offers the methodological robustness needed to consolidate previous findings and uncover new insights.

Data collection procedure

The first stage of the SLR involved a Boolean search strategy to identify relevant publications. Two leading academic databases - Scopus and Web of Science (WoS) - were selected as primary data sources. Although it is often recommended to rely on a single database for reasons of consistency and reproducibility, in this case, a combined use of Scopus and WoS proved necessary due to the limited number of academic contributions on the topic of HCs. This two-database approach helped to broaden coverage and minimize the risk of ignoring relevant studies. The initial search string focused on the presence of the phrase "HCs" in the title, abstract or keywords. An initial corpus of 212 documents was thus identified.

Selection and inclusion criteria

In order to refine this corpus and ensure the focus of the analysis, a four-stage filtering process was applied:

- **Timeline:** Only studies published between 1992 and 2024 were selected. This period corresponds to the emergence and evolution of the hidden champion concept after Simon's seminal work.
- **Research Areas:** The selection was limited to papers classified in the Business & Management and Economics & Finance categories, reflecting the disciplinary relevance of the subject.
- **Document Type:** To ensure academic rigor, only peer-reviewed journal articles, reviews, book chapters and books

were considered. Conference papers, editorials and non-scientific documents were excluded.

- **Language and Duplication:** The search was limited to English-language publications, and duplicates in both databases were systematically removed.

Following these inclusion and exclusion criteria, the final dataset comprised 58 articles deemed relevant for in-depth analysis. The selection process was carried out on a single day (January 27, 2025) to ensure temporal consistency and minimize bias due to database content updates. The final search query used was as follows: TITLE-ABS-KEY (TITLE-ABS-KEY (“HIDDEN CHAMPIONS”) AND PUBYEAR > 1992 AND PUBYEAR < 2024 AND (LIMIT-TO (SUBJAREA, “BUSI”) OR LIMIT-TO (SUBJAREA, “ECON”)) AND LIMIT-TO (DOCTYPE, “ar”) AND LIMIT-TO (LANGUAGE, ‘English’)).

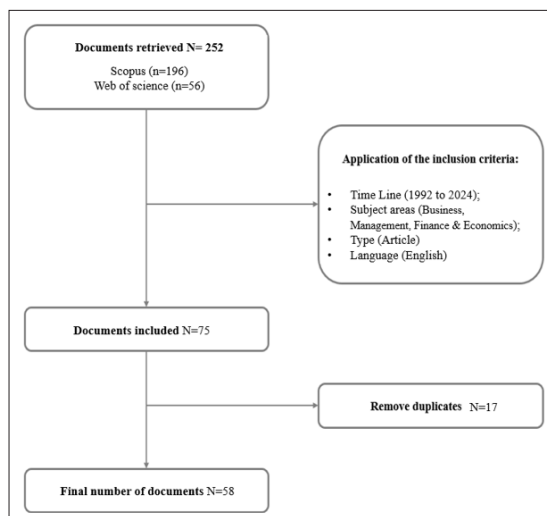


Figure 2: Selection criteria

Source: Authors

Results and discussion

This section presents and analyzes the KSFs that emerged from a systematic review of 58 scientific contributions on HCs. Through an inductive synthesis of the literature, we have identified three major groups of success factors that underpin the sustainable excellence of these companies. These groups correspond to three interdependent dimensions: strategic, organizational and environmental.

Strategic Dimensions

• Strategic Dimensions

The strategic group encompasses the deliberate orientations and high-level decisions that shape the long-term competitive trajectories of HCs. This group highlights how these companies navigate markets, articulate their value propositions and secure sustainable competitive advantages. The following strategic KSFs are consistently highlighted in existing literature:

• Specialization in a niche market

HCs typically operate in highly specialized, narrowly defined market segments, often overlooked by larger competitors due to their limited scale or lack of appeal. This strategic orientation enables them to acquire in-depth domain expertise, customize their offerings and set high barriers to entry. Niche domination, as the literature points out, is not simply about serving a

small market, but owning it through precision, depth and responsiveness. This positioning minimizes price competition and promotes customer loyalty.

• Global orientation and targeted internationalization

Although relatively modest in size, HCs pursue a global strategy from an early stage. However, their internationalization is not opportunistic, but strategic and highly targeted. They often dominate global niche markets and maintain a strong presence in several countries, despite being little-known. The literature reviewed reveals that these companies follow a “born global” trajectory, while maintaining strategic control and quality assurance. This international footprint mitigates dependence on national markets and strengthens resilience.

• Proximity and intimacy with the customer

One of the defining strategic traits of HCs is their obsessive focus on the customer. They develop close, long-term relationships with their customers, often co-developing products or integrating feedback into innovation cycles. This closeness enables customers' needs to be detected quickly, guaranteeing the relevance of the offering and increasing the costs of change. The literature suggests that this intimacy results in tailor-made value propositions that are difficult to reproduce.

• Continuous innovation and technological leadership

Technological leadership is a cornerstone of the strategic profile of HCs. Despite limited R&D budgets compared to large multinationals, they maintain a high intensity of innovation activity, often with superior results. The emphasis is on incremental, customer-driven innovation, as well as the protection of proprietary knowledge. According to the literature, this enables them to set industry standards rather than follow them.

• Long-term vision and planning

HCs adopt a long-term strategic orientation, often driven by visionary leadership and patient capital. This approach promotes sustainable growth rather than short-term gains, and enables cumulative learning. The literature indicates that long-term thinking manifests itself in consistent investment in capabilities, deep relationships and strategic autonomy, particularly in family businesses.

Organizational Dimensions

The organizational cluster encompasses the internal enablers that sustain innovation, reinforce strategic consistency, and build a cohesive corporate identity over time. HCs are characterized by unique internal dynamics that allow them to punch above their weight.

• Entrepreneurial and committed leadership

The leadership of HCs is often visionary, stable and deeply rooted in the company's culture. The leaders - often founders or long-serving executives - play the role of strategic architects and guardians of the culture. They are known for their entrepreneurial spirit, in-depth technical knowledge and strong commitment to long-term value creation. The literature emphasizes the importance of continuity of leadership and proximity to the operational heart of the company, which promotes rapid decision-making and organizational coherence.

• A strong organizational culture and values

A shared organizational ethos, centered on excellence, responsibility, humility and trust, is a recurring theme. HCs often function as close-knit communities, where employees

internalize a clear purpose and collective ambition. Scientific contributions emphasize that this cohesive culture not only stimulates employee commitment, but also ensures alignment between strategic objectives and day-to-day behavior.

- **Decentralized, agile structures**

Despite their global reach, HCs maintain lean hierarchies and decentralized decision-making systems. This organizational flexibility enables them to respond rapidly to customer demands and market changes. According to several studies, this structural agility is a deliberate choice that compensates for their small size and accelerates innovation cycles.

- **Strong employee involvement and talent development**

Employees are seen as essential assets, not as cost centers. These companies invest heavily in talent development, often through in-house training, mentoring and lifelong learning programs. In addition, many HCs foster a sense of belonging among employees, boosting loyalty and productivity. The literature shows that retaining specialized human capital is essential for maintaining product quality, customer relations and innovative capacity.

- **Operational excellence and quality orientation**

Constant attention to quality, efficiency and continuous improvement is an integral part of the organizational routines of HCs. Many of them adopt world-class manufacturing practices and integrate quality at every level of the process. This commitment to operational excellence enhances their brand reputation and maintains customer confidence over time.

- **Stable governance, often family-owned**

Many HCs are family-owned and family-run. This ownership structure contributes to governance stability, long-term orientation and strategic autonomy. It also facilitates the preservation of tacit knowledge and cultural continuity from one generation to the next. The literature reveals that these governance models are often resistant to short-term market pressures, which is advantageous for strategic coherence.

Environmental Dimensions

The environmental dimension comprises the external conditions and relational dynamics that underpin the competitiveness of HCs. Based on 58 systematically reviewed academic contributions, the following KSFs were identified within this group:

- **Integration into regional industrial ecosystems**

HCs often thrive in closely-linked regional clusters or industrial ecosystems where specialized suppliers, skilled labor and industry-specific knowledge are concentrated. These regional ecosystems act as catalysts for innovation, enabling the company to benefit from localized knowledge spillovers and infrastructural synergies. The literature places particular emphasis on the role of Germany's "Mittelstand" ecosystems as archetypal examples of such rootedness.

- **Solid, trust-based relationships with stakeholders**

Trust and long-term relationships - with customers, suppliers, research institutes and even competitors - play an essential role in the success of HCs. These companies often cultivate deep relational capital, which facilitates knowledge exchange, collaborative innovation and resilience in times of crisis. Systematic analysis underlines that this relational trust often replaces formal contracts and accelerates problem-solving processes.

- **Governmental and institutional support**

Although not heavily dependent on public funding, HCs often benefit from supportive industrial policies, vocational training systems and export facilitation programs. These institutional catalysts, though sometimes invisible, create a favorable operating environment. The literature also points out that a stable regulatory framework and efficient infrastructure are often crucial factors.

- **Global market connectivity**

Despite their small or medium size, HCs are intensely internationalized. They often dominate very specific global niches. Their ability to identify underserved segments and establish an early global presence is a recurring theme. The studies reviewed emphasize that internationalization is not opportunistic but strategic, enabling these companies to mitigate domestic market limitations and diversify risk.

- **Sensitivity to customer and market reactions**

HCs are keen observers of their environment. They stay close to their customers, enabling them to identify latent needs and co-develop solutions. The literature shows that this constant feedback loop strengthens innovation capacity and improves product-market fit, particularly in B2B contexts.

- **Resilience to external shocks**

Many HCs demonstrate a remarkable ability to withstand external disruptions, whether economic, geopolitical or technological. The study highlights several case studies of companies that have taken advantage of crises (e.g., financial downturn, COVID-19 pandemic, geopolitical conflicts) to pivot or strengthen their market position. This resilience is generally based on financial prudence, strategic flexibility and stakeholder confidence.

- **Participation in knowledge networks and international trade fairs**

Participation in global knowledge and trade networks is a significant external advantage. HCs frequently take part in international trade fairs, technical exhibitions and industry platforms, not only to market their products, but also to keep abreast of technological and competitive trends. This global visibility in niche circles enhances credibility and knowledge acquisition.

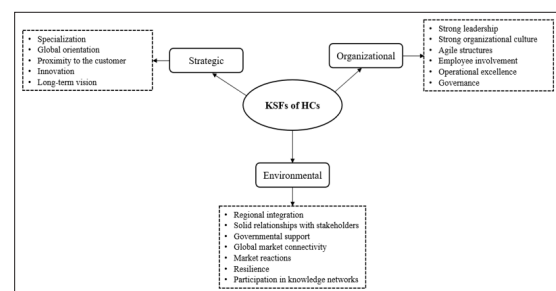


Figure 3: KSFs of HCs

Source: Authors

Conclusion, limitations and implications

This study undertook a systematic and rigorous review of the academic literature on HCs, covering more than three decades of research and culminating in the analysis of 58 carefully selected contributions. The aim was to identify and synthesize the KSFs that explain the persistent excellence and global competitiveness of these unique companies, often underestimated in conventional strategic discourses [4-21].

By organizing the KSFs into three analytical clusters - strategic, organizational and environmental - this article provides a comprehensive framework for understanding the complex interplay of internal capabilities, market positioning strategies and contextual integration that characterize HCs. With regard to the strategic dimension, success depends on targeted niche strategies, internationalization through specialization, technological leadership and long-term orientation. The organizational dimension highlights agile governance structures, strong entrepreneurial leadership, high employee engagement and a culture of continuous improvement. Finally, the environmental dimension highlights the importance of institutional support, regional ecosystems, trust-based stakeholder networks and a high degree of sensitivity to market changes.

This study offers a new, structured synthesis of the fragmented literature on HCs. Most previous research has remained conceptual or case-specific, lacking integration between analytical dimensions. By grouping success factors and linking strategic, organizational and environmental logics, this article brings an original, integrative perspective to the field. This contribution is particularly relevant for advancing theory on SME competitive advantage, long-term performance and business resilience in unstable environments. In addition, the study reinforces the relevance of the hidden champion phenomenon beyond its traditional Germanic roots, highlighting its wider applicability in emerging economies and diverse industrial contexts.

However, several limitations must be acknowledged. Firstly, the use of only two databases may have led to the exclusion of relevant studies indexed elsewhere or appearing in grey literature. Secondly, the linguistic filter applied - restricting the review to English-language publications - may have overlooked important works where this phenomenon is intensively discussed. Despite these limitations, the study has significant implications for both academia and practice. For researchers, it lays the foundations for future investigations into the dynamic capabilities, strategic behaviors and institutional configurations that underpin the emergence and success of HCs. Comparative studies between different national systems and industrial sectors could provide valuable information on the conditions that favor the emergence of such companies. From a practical point of view, the results offer valuable lessons for the managers of growth-oriented SMEs and for policy-makers keen to design favorable environments for high-potential companies. Drawing on the strategic orientation, organizational discipline and environmental sensitivity of HCs could serve as a roadmap for building resilient, globally competitive businesses.

To conclude, HCs are a distinct and instructive category of company. Their ability to achieve sustainable excellence through strategic coherence, organizational robustness and environmental adaptability makes them exemplary cases for both scientific reflection and practical emulation. This study has sought to highlight the key dimensions of their success, and to provide a conceptual basis for further exploration of this promising field.

Competing Interests

The authors have no competing interests to declare that are relevant to the content of this article.

Ethical Considerations

Not applicable.

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