

# Beyond manufacturing: assessing theory adequacy in service firm's internationalization entry mode choice

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## Abstract

**Purpose** – This study aims to determine the suitability of main theories in studying the internationalization of service firm's entry mode by analyzing academic viewpoints.

**Design/methodology/approach** – We analyze 307 articles in the domain of service internationalization through a combination of bibliometric and content analysis, focusing on the internationalization of service firms and their entry mode choices over four decades of literature.

**Findings** – The results show that the debate on the adequacy of extant internationalization theories to the study of service firms is still not cut-and-dried. We provide insights on scholars' positioning regarding the suitability of existing theoretical frameworks. Specifically, scholars support the adaptation of existing frameworks to study service firms, although there is little knowledge on how this adaptation should be tackled. Therefore, there is a clear interest in identifying, adjusting and creating frameworks that fit the particularities of the internationalization of service firms.

**Research limitations/implications** – There is a clear overall interest in the literature in identifying, adjusting and creating frameworks that fit the particularities of the internationalization of service firms.

**Practical implications** – The findings provide valuable insights for future researchers in selecting the most appropriate theoretical lens for studying the entry modes of service firms.

**Originality/value** – This study examines scholars' perspectives on the appropriateness of traditional theories for investigating the internationalization of service firms. Consequently, we shed light on the ongoing debate regarding the adequacy of international business theories in service firm research. To our knowledge, no other recent work has analyzed this issue from this particular standpoint.

**Keywords** Internationalization, Service firms, Entry mode, Internationalization business theories, Systematic literature review

**Paper type** Literature review

## 1. Introduction

As a result of the accelerated growth of service global trade, the study of the internationalization of service firms and their entry mode choices has aroused interest in the international business (IB) literature. Several factors have contributed to this situation, including the fact that trade in services is easier than it used to be, technological developments, the rise of business and process digitalization, and the increased servitization of manufacturing businesses. Although most researchers have accepted that manufacturing and service companies differ (Kathuria *et al.*, 2008), there is a clear lack of consensus regarding the applicability of extant internationalization theories to service businesses (Javalgi and Martin, 2007). In fact, traditional theories and models of internationalization business are generally

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product-oriented and therefore focused on explaining the strategies of manufacturing firms (Axinn and Matthysens, 2002), which explains why their suitability to describe service companies is a matter of such debate.

Certainly, the lack of specific IB theories that address the internationalization of service firms and, more specifically, entry modes has limited the analysis of this type of business and hindered the advancement of research in this domain. As stated by Blagoeva *et al.* (2020), the “field remains fragmented and lacks theoretical and conceptual development applicable to the internationalization of services” (p. 427). Furthermore, the wide diversity of businesses and activities has posed many challenges to the development of comprehensive theories in the service arena. For instance, Clark and Rajaratnam (1999) suggested that the complexity of the service industry makes it unlikely that any valid theories can be developed. Similarly, Knight (1999) questions the generalization of theory and constructs across service industries, and Coviello and Martin (1999) state that “with the acknowledged heterogeneity of service firms, it would be inappropriate to generalize the results too widely” (p. 62).

Therefore, the purpose of this research is to determine the suitability of traditional theories in studying service firms and their entry mode choices by analyzing extant academic viewpoints. Specifically, we try to answer the following research questions: Which internationalization theories have been applied to the analysis of service firm’s internationalization entry modes? Can traditional internationalization theories, predominantly based on manufacturing industries, be effectively applied to services? Are these theories sufficient or do they require further development? To address these queries, this paper undertakes a systematic search and review to address certain shortcomings observed in the service literature within the field of IB and to establish groundwork for future research. We aim to identify and analyze articles published between 1977 and 2020 with updated impact factor as of 2024, in the domain of service internationalization. This is achieved through a combination of bibliometric and content analyses, focusing on the internationalization of service firms and their entry mode choices.

Hence, this study further contributes to our understanding of internationalization of service firms, and does so in several ways. First, it examines current academic views regarding the use of extant internationalization theories to entry mode choice service firms, pinpointing the most widely endorsed theories in the service literature. Secondly, it analyses the scholar’s positions on the suitability of these theories for the study of the internationalization of service firms. As a result, we elucidate the ongoing debate about the adequacy of IB theories for service firms research. Indeed, we are not aware of any other recent work that provides an analysis from this perspective.

## 2. Methodology

To portray existing theoretical frameworks on the application of traditional internationalization theories based on the manufacturing industry to service firms, this research requires an in-depth analysis, identifying and examining existing conceptual contributions by scholars on this issue. Therefore, this research is based on a systematic search and review that “combines the strengths of a critical review with a comprehensive search process” (Grant and Booth, 2009, p. 102).

### 2.1 Sample and data collection

In order to achieve a systematic search and critical review, a sequential three-phase process that combines bibliometric and content analysis has been applied. First, the Web of Science database was chosen to ensure a wide-ranging approach, both in terms of disciplines and time frame. Since the main focus of this research is on businesses in the service industry, all the searches included the term “service”. Additionally, and with the aim of detecting all potential relevant and representative articles on the issue, complementary terms such as “companies”, “businesses”, “internationalization” [1] and “entry mode” were also included and combined in the different searches (see Table 1).

**Table 1.** Research keywords and results: Phase one

Research keywords and results: Phase one		
1	Service AND Business AND Internationali*ation	756 results
2	Service AND Companies AND Internationali*ation	305 results
3	Service AND Companies AND Entry Mode	95 results
4	Service AND Entry Mode AND Choice	270 results
Total		1.426 results
<b>Source(s):</b> Authors' own creation		

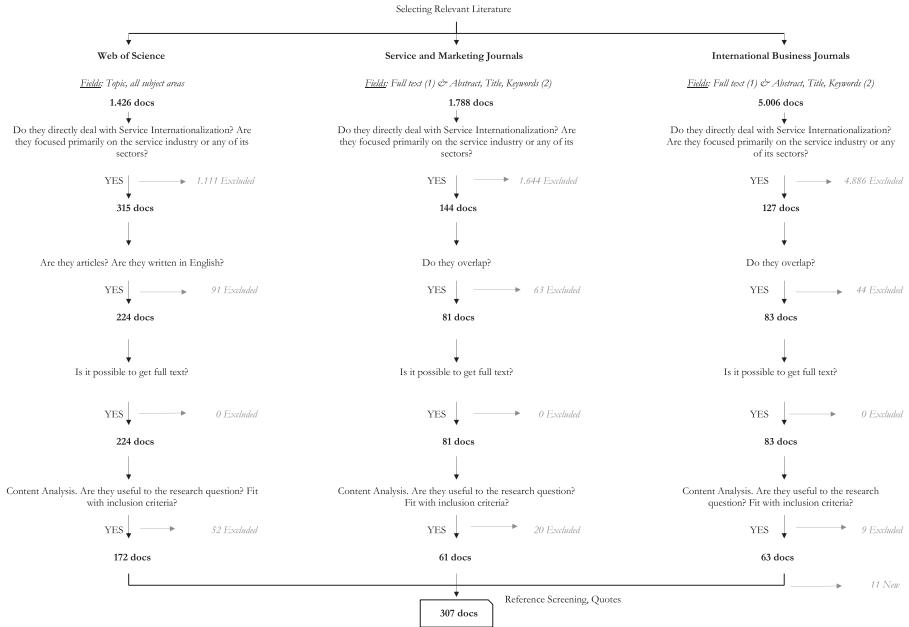
Regarding the period of analysis, no specific starting year was set; however, 2020 was chosen as the final year to ensure that the impact factor of the selected articles could be assessed over at least four years up to October 2024. The search resulted in a list of 1,426 documents related to the research topic whose titles and abstracts then required analysis. At this point, it was crucial to first eliminate publications that did not focus directly on the service industry or the internationalization process of firms (1,111 papers were excluded). Additionally, articles not written in English were also excluded (91). Next, a content analysis was undertaken by reading the articles. As a result, 52 articles were excluded because they only dealt with the topic tangentially. For example, articles analyzing the relationship between internationalization and performance, considering functional strategies such as human resources or dealing with learning processes in international markets were discarded. This phase reduced the number of articles to 172. These articles were then read in depth and analyzed individually to extract the necessary information and compile the data for this study.

A second phase, which entailed screening of the main services and marketing journals detected in the previous phase, was performed to identify additional studies. These journals indexed in the Journal Citations Report 2021 are: *Service Business*, *Journal of Service Marketing*, *International Marketing Review*, *The Service Industries Journal* and *the International Journal of Service Industry Management*. The same process (and use of keywords) was performed in this phase resulting in 1,788 articles initially identified. All articles in these journals were reviewed by examining the topics covered and identifying possible overlaps. As a result, 61 new articles were finally selected in this phase.

Lastly, in the third phase, we repeated the same process as in the former phases for IB journals: *Journal of International Business Studies*, *Journal of International Management*, *International Business Review*, *Journal of Business Research*, *European Journal of International Management*, *Global Strategy Journal*, *Journal of World Business*, *Global Business Review* and *Management International Review*. The results were analyzed to check how they fit the research topic, as a result of which we discarded the articles that do not deal directly with the internationalization of service firms or that are not focused on the service industry or any of its sectors. Consequently, a total of 63 articles were detected in this phase. Additionally, during the content analysis stage of the different phases, some new references that clearly contributed to the research questions have been encountered and therefore included. Those new articles were identified principally through quotes made by the authors in their respective papers and citations when dealing directly with the research issue. In this phase, 11 new articles have been detected. In total, the whole process has generated a final database of 307 articles that are referenced in the supplementary material. The different phases of the article selection process are summarized in [Figure 1](#).

## 2.2 Data coding

In order to safeguard the consistency of this research, Weber's coding protocols were applied to "minimize the need for subsequent adjustments" ([Gaur and Kumar, 2018](#)). This process has been iterative and included several steps: defining the coding model (specifying fields,



**Figure 1.** Summary of the identification process. Source: Authors' own creation

parameters and other subcategories); doing several pilot trials (analysis of samples of 20 articles to access accuracy of previous defined codification criteria); making the assessment of reliability (independent double review was done to validate the authors assessment) and finally coding the 307 selected papers in accordance with the criteria already outlined. Moreover, to determine the individual impact factor of the selected articles, we gathered the number of citations for each article in Google Scholar up to October 2024. Furthermore, to analyze the adequacy of traditional IB theories to service firms, quotes were collected from the papers as proof of our interpretations. This practice has been used by qualitative researchers as a tactic to support interpretations (Krippendorf, 2004, p. 89).

As a result, Table 2 and 3 show the defined fields and parameters that enable the analysis of the theories used. The *internationalization theory field* comprises well-known extant theories on IB used in the articles. When the theory could not be identified, the field was left blank. Likewise, if the study includes more than one theory, they are all duly recorded in the field. Moreover, from the outset, it was observed that the application of a particular theory is not always referenced or explicitly stated in the articles, although theories are occasionally implicitly included in the explanations (for example, in the established hypothesis) or could also be detected by screening the bibliography. These circumstances were compiled in the *applied/deduced field*. Theories were identified through different processes. In some papers, the authors specify which particular theories are applied to the research (“theory applied” parameter). However, on other occasions, the theoretical background is not clearly stated, so they have been classified as “theory deduced”. The theory was deduced either from the article’s content (i.e. hypotheses, research questions, etc.) or the bibliography (citations). When no particular theory could be identified using those methods, the paper was classified as “not identified.”

Lastly, the *position on service internationalization field* gathers the authors’ stances regarding the utility of a particular theory to explain the internationalization of service firms (see Table 3). The arguments and comments given by the authors regarding their views on theoretical suitability were mainly classified into different parameters that range from the simple statement of a different behavior between manufacturing and service firms to calls for a

**Table 2.** International business theories and applicability to the service industry

Database fields	Parameters	Explanation
Internationalization Theory	In terms of results	Specific Theory/Theories (Uppsala, Eclectic Paradigm, etc.) Blank → No theory identified
Applied/Deduced	Theory Applied	Theory Applied → Explicit by the author Indicated when the author explicitly stated the theory or theories used in the framework or study
	Theory Deduced	Theory Deduced → Not Explicit, identified in the article and/or bibliography
	Not Identified	Not Identified. Theory not made explicit, and no direct references detected in the bibliography
	Literature Review	Does not apply (Literature Review). This category was created to distinguish literature reviews
Position on Service Internationalization	Different Behaviors	Acknowledge differences in the behavior of different types of businesses
	Same Perspective - Traditional	Suitability of existing theories to explain the internationalization of service firms (no change required)
	Same Perspective - Adaptation	Call for adaptation or combination of existing or new theories to explain the internationalization of service firms (adjustment of existing theories)
	New Theory	Call for a new theory to be developed to explain the internationalization of service firms
	No Comment	No comment or perspective given about the applicability of existing internationalization theories

**Source(s):** Authors' own creation

new theory to be developed. Accordingly, this field was classified into different subcategories. In this sense, some articles mention or apply several theories at the same time in their studies. In those cases, if an author's statement about the adequacy of existing theories only refers to a particular theory or set of theories, information about the specific theory that is mentioned was included in the field. For example, if the authors support the applicability of the eclectic paradigm to service firms, the "(eclectic paradigm)" tag was added. Otherwise, the statement is assumed to refer to all the theories used in the article and no particular mention is made in the field. This was done for all the parameters and subcategories related to the adequacy of theories in the position on service internationalization field.

### 3. Results

#### 3.1 Theories applied to the internationalization of service firms

A wide variety of theoretical approaches have been used in the study of service firms' internationalization and their entry mode choices. In order to present the results clearly, a total of 17 different groups of theories have been identified in the articles reviewed (Table 4). It is worth mentioning that the categories "Strategic Management Theories," "Others" and "Economic Theories" comprise many theories but very few mentions of each.

The occurrence and impact of the different theoretical frameworks are dissimilar. The presence of each theory and its trend is included in Table 5. In particular, five theoretical approaches are the most widely represented in the literature: eclectic paradigm (96 iterations), process model theories (86), internalization theory (83), resource-based view (82) and network

**Table 3.** Position on service internationalization subcategories

Parameter	Subcategories	Explanation
Different Behaviors	Different Behavior	Different behavior between service and manufacturing firms
	Different Behavior Between Services	Different behavior between different service industries or different service firms within a service sector
	Different Behavior and Different Behavior Between Services	Both differences in behavior identified
Same Perspective – Traditional	Suitable Theory	Use of existing theories for the study of service firms' internationalization. No adaptation
	Distinct Conduct	Use of existing theories but acknowledged different behavior of services firms
Same Perspective – Adaptation	Mixed Theory	Combination of existing theories
	Type of Activity	Adaptation due to the type of activity performed by service firms
	New Variables	Extension of theory, inclusion of new variables in current theory
	Generic	Type of adaptation not specified
New Theory	–	New theory development
No Comment	–	If no comment or perspective is given

**Source(s):** Authors' own creation

theory (57). Accordingly, those theories are also displaying the largest number of citations in the literature, that is, 18.649 for the eclectic paradigm, 13.534 for process models theories, 16.029 for internalization theory, 8.888 for the resource-based view and 9.041 for the network theory. While this aligns with the acknowledged importance of these theoretical frameworks in explaining service internationalization, it is relevant to highlight certain nuances based on their average citations. The average citation for the top five theories is as follows: 194 citations per article for the eclectic paradigm, 157 for the process models, 193 for the internalization theory, 108 for the resource-based view and 159 for the network theory. Although the eclectic paradigm has the highest average citations, both internalization theory and network theory are also regarded as relevant models for studying service firms. This recognition reflects the increasing importance of partnerships in facilitating the globalization of services and the need for foreign direct investment, given the intangible nature of many services and their inseparability from the provider in several service firms. Furthermore, these theoretical frameworks also exhibit moderate upward trends, with more articles using them to discuss the particularities of the service industry over time. Despite displaying lower citation averages, both process models and the resource-based view have been gaining traction in the service arena, with a significant increase in recent years. In contrast, international entrepreneurship and institutional theories are significantly less represented, with 25 and 24 iterations and 2.622 and 2.771 citations, respectively. Regardless of their lesser presence, both theories present an increasing trend and concentrate their presence in the last two decades. The remaining conceptual approaches are less present in the literature review, with between 3 (contingency theory) to 14 (life-cycle theory, agency theory, strategic management theories) iterations in the sample. However, their tendencies are heterogeneous. Specifically, only the strategic management theories group presents a decreasing trend (1.298 citations); four perspectives (behavioral approach –1.587 citations-, regional theory –391 citations-, signaling theory –151 citations- and contingency theory –770 citations-) are stagnant

**Table 4.** Theoretical approaches: Groups

Theory group	Approaches/Theories
Agency Theory	Agency Theory
Behavioral Approach	Behavioral Theory/Approach, Organizational Behavior
Contingency Theory	Contingency Theory/Approach
Eclectic Paradigm	Eclectic Paradigm, Dunning, OLI Framework
Economic Theories	Industrial Organization, Absolute and Comparative Advantages, Oligopolistic Behavior, Heckscher-Ohlin, Monopolistic Advantages
Emerging Market Multinational Enterprises Theories	Linkage, Leverage, Learning Theory, Springboard Theory
Institutional Theory	Institutional Theory/Approach
Internalization Theory	Internalization Theory, Transaction Cost Theory
International Entrepreneurship Theories	International Entrepreneurship, International New Ventures, Born Global
Life-Cycle Theory	Life-Cycle Theory, Vernon Theory
Network Theory	Network Theory, Uppsala (Revisited), Organizational Ambidexterity
Process Models Theories	Uppsala, Stages Model, Sequential Internationalization, Gradual Approach
Regional Theory	Regional Theory, Regionalism, Theory of Regional Strategy
Resource Based View	Resource Based View, Knowledge Based View, Organizational Capabilities, Dynamic Capabilities, Evolutionary Theory of the Firm, Environmental Munificence, Resource Dependence Theory
Risk Theories	Risk-Sharing Theory, Risk-Diversifying Theory, Risk Taking Behavior, Real Options
Signaling Theory	Signaling Theory, Signals
Strategic Management Theories	Strategic Management, Value Chain Analysis, International Strategic Management Perspective, Strategic Variables, Value Transformation Model, Strategy Tripod, Value Creation Logics, Business Model Concept
Others	Vida and Fairhurst, Tit for Tat Behavior, Diffusion of Innovation Models, Synergetic Perspective, Psychological Theories, Localization Theory, Social Capital Theory, Social Entrepreneurship Theory, Hierarchical Model, Creativity Mix, Non-cooperative Game Theory, Economic Geography, Non-Sequential Internationalization, Information Theory, Stewardship Theory

**Source(s):** Authors' own creation

and underrepresented and the remainder (life-cycle theory –4.211 citations-, agency theory –3.112 citations-, economic theories –2.318 citations-, emerging market multinational enterprise theories –304 citations- and risk theories –425 citations-) present different growth patterns despite their very occasional use in the literature. The “Others” cluster includes a total of 15 iterations in the sample. The notable number of citations in underrepresented theories reinforces the belief in the need for a multi-perspective theory for the understanding of service firms with conceptual models based on a diversity of disciplines.

### 3.2 Theories retrospective

A theory retrospective (Table 6) is included in this analysis to determine the delay in the application of traditional theories to the field of service internationalization. It does not aim to provide a categorical timeframe for analysis but rather to examine when the different

**Table 5.** Theories: Occurrence and trends in the literature review

Theory	Presence of theory in articles	Total number of citations <sup>a</sup>	Citations/ number of articles <sup>a</sup>	Period and median of publication	Trend
Eclectic Paradigm	96	18.649	194	(1981–2020), 2004	Moderate Increase
Process Models Theories	86	13.534	157	(1991–2020), 2010	Large Increase
Internalization Theory	83	16.029	193	(1988–2020), 2007	Moderate Increase
Resource-Based View	82	8.888	108	(1994–2020), 2012	Large Increase
Network Theory	57	9.041	159	(1994–2020), 2009	Moderate Increase
International Entrepreneurship Theories	25	2.622	105	(2001–2020), 2014	Large Increase
Institutional Theory	24	2.771	116	(2007–2020), 2015	Moderate Increase
Life-Cycle Theory	14	4.221	302	(1986–2018), 2009	Minor Increase
Agency Theory	14	3.112	222	(1995–2020), 2011	Moderate Increase
Strategic Management Theories	14	1.298	93	(1993–2018), 2008	Moderate Decrease
Economic Theories	11	2.138	194	(1992–2017), 2008	Minor Increase
Emerging Market Multinational Enterprises Theories	7	304	43	(2012–2020), 2018	Large Increase
Behavioral Approach	5	1.587	317	(1977–2014), 1998	Stagnant
Regional Theory	5	391	78	(2008–2019), 2014	Stagnant
Risk Theories	4	425	106	(1997–2017), 2011	Moderate Increase
Signaling Theory	4	151	38	(2012–2018), 2016	Stagnant
Contingency Theory	3	770	257	(1998–2011), 2007	Stagnant
Others	15	1.410	94	(1993–2020), 2012	Moderate Increase

**Note(s):** <sup>a</sup>As of October 2024**Source(s):** Authors' own creation

theoretical frameworks applied to the IB field have been extended to service internationalization research.

The analysis shows that there is a major diversity of timeframes and approaches to the application of extant theories to the study of the internationalization of service firms and their

**Table 6.** Application of theories to services

Theory group	Reference to the theory in the international business literature	First article identified in this literature review/ citations <sup>a</sup>	Sector	Article type
Life-Cycle Theory	Vernon (1966)	Boddewyn, Halbrich and Perry (1986), 693 citations	Services in General	Theoretical-Conceptual
Agency Theory <sup>b</sup>	-	Fladmoelindquist and Jacque (1995), 525 citations	Services in General	Empirical
Process Model Theories	Johanson and Wiedershein-Paul (1975); Johanson and Vahlne (1977)	Erramilli (1991) 1.479 citations	Services in General	Empirical
Internalization Theory	Buckley and Casson (1976); Teece (1976); Rugman (1981); Hennart (1982)	Terpsta and Yu (1988), 272 citations	Advertising	Empirical
Eclectic Paradigm	Dunning (1979)	Dunning and McQueen (1981), 337 citations	Hotels	Theoretical-Conceptual
Strategic Management Theories	Porter (1986)	Edvardsson, Edvinsson and Nystrom (1993), 160 citations	Knowledge Intensive Services	Empirical
Resource-Based View	Kogut and Zander (1993); Teece, Pisano and Shuen (1997); Madhok (1998)	Glaister and Thwaites (1994), 10 citations	Financial Services	Empirical
Network Theory	Johanson and Mattsson (1988); Bartlett and Ghoshal (1989); Ghoshal and Bartlett (1990); Forsgren and Johanson (1992); Gupta and Govindarajan (2000); Forsgren, Holm and Johanson (2005)	Hellman (1994), 155 citations	Financial Services	Empirical
International Entrepreneurship Theories	McDougall, Shane and Oviatt (1994); Knight and Cavusgil (1996); Oviatt and McDougall (1997); Rialp, Rialp and Knight (2005)	Westhead, Wright, Ucbasaran and Martin (2001), 179 citations	Manufacturing vs. Services	Empirical
Institutional Theory	Kostova and Zaheer (1999)	Stromquist (2007), 611 citations	Higher Education (Education)	Empirical
Regional Theory	Ghemawat (2003); Rugman and Verbeke (2005)	Rugman and Verbeke (2008), 288 citations	Manufacturing vs. Services	Theoretical-Conceptual
Emerging Market Multinational Enterprise Theories	Mathews (2006); Luo and Tung (2007)	Ström and Ernkvist (2012), 20 citations	Online Game Industry	Empirical

**Note(s):** <sup>a</sup>As of October 2024

Due to space constraints, the articles included in this table are not referenced in the references section. All references can be found in the supplementary material. <sup>b</sup>Seminal papers in the area of international business have not been included for Agency Theory. Although it has been widely used in this area, to our knowledge, no conceptualization of the theory for international business has yet been developed, so this section has been left blank

**Source(s):** Authors' own creation

entry mode choices. From a time-based point of view, all theories have been applied with a certain delay following their first appearance in the IB field, although there are significant differences. Only three theories were applied in the first five years after their debut in the field of IB (that is, the eclectic paradigm, regional theory, and the resource-based view), two of them being applied by the same founding authors of the traditional theories (Dunning and Rugman and Verbeke). Moreover, most of the extant theories were used within 5–10 years of their emergence. This is the case of institutional theory, international entrepreneurship, network theory, strategic management theories and EMNE theories. Indeed, two of the most prominent theories in our study, process models and internalization theory, were not utilized until 16 and 12 years after their groundwork, respectively. Finally, only agency and life-cycle theories were applied over 20 years after their creation. However, it is also important to note that many of the theoretical frameworks are intertwined and cannot be viewed as utterly separate; hence, we emphasize the comparative rather than categorical nature of these results.

3.3 Positions on the applicability of current theories

The extant literature remains divided on the suitability of existing theoretical frameworks. Based on the exact wording with which authors express their opinion, Figure 2 outlines the different positions regarding this matter [2]. It is important to note that some of these statements refer to a particular theory or set of theories, while others are stated from the general point of view of their research. As a result, the majority of analyzed papers make some specific mention of the degree of appropriateness of extant theories (236 papers) and just 23% (71

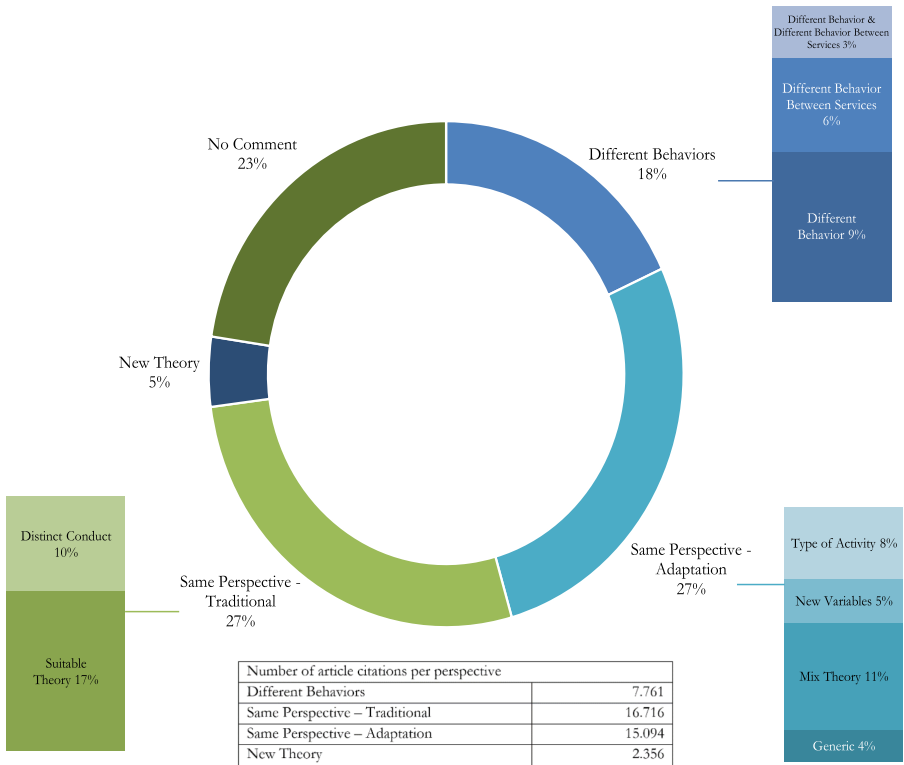


Figure 2. Perspectives on the adequacy of theories. Source: Authors' own creation

papers) do not make any comment at all. Specifically, 18% of articles simply acknowledge different behaviors in the service sector; almost 27% fully support the applicability of traditional existing theories; 27% mention the need to adapt extant conceptual frameworks, and finally, only 5% call for the development of new theories to analyze service firms.

Looking in greater depth at these results, some key aspects should be highlighted. First, the “**different behaviors**” position gathers articles that do not mention any accordance or discordance with any concrete theory, but acknowledge behavioral disparities in the way service firms deploy their international operations. These articles are relevant as they admit peculiarities in the organization of service firms due to the existence of a variety of sectors and theoretical frameworks. Within this parameter, most dissimilarities are observed between service and manufacturing firms, “Different behavior” (29 papers that accumulate around 3.967 citations), between different types of services, “Different behavior between services” (18 with 1.773 citations) or both at the same time (10 and 2.021 citations) (Table 7). Most of these articles are essentially empirical, so, the observation of these differences is a consequence of the results of the study carried out by the authors. For instance, different behaviors have emerged when they applied internalization theory, eclectic paradigm, network theory and Uppsala model. Naidoo and Wu (2014) acknowledge differences between the higher education and manufacturing sectors when applying the eclectic paradigm to their study of entry modes among non-profit universities. On the other hand, Lindsay *et al.* (2003) recognize dissimilarities between services and Ghauri and Firth (2010) discern both types of behaviors in their multisector study of banking and retail multinationals in emerging markets, both employing network theory.

Next, the “**same perspective - traditional**” position, which encompasses the articles that state that traditional theories fit the internationalization of service firms, 54 articles with 8.663 citations support existing theories as being suitable and 32 articles with 8.053 citations claim likewise but recognize a distinct conduct in service firms (Table 8). Of those providing full support, “*same perspective – traditional – suitable theory*”, 44 out of 54 (81%) specifically refer to the appropriateness of one or two theories, while the remainder voice general support. For instance, Goerzen and Makino (2007) say “our research provides a significant contribution to this literature by providing clear support for Boddewyn *et al.*'s (1986, p. 54) assertion that no special MNC/FDI theories for international service firms are necessary” (p. 1166). Similarly, Gourlay *et al.* (2005) “indicate support for the main theoretical explanations of export behavior in the economics literature for service industry firms” (p. 888) and Weinstein (1977) states that the behavior of advertising agencies “looks very similar to models previously developed in the study of manufacturing firms” (p. 88). The second subcategory, identified as “*same perspective – traditional – distinct conduct*”, considers articles that recognize theory suitability but mention differences in the behavior of different types of service firms or between service and manufacturing firms. For example, Brouthers and Brouthers (2003) express that “instead of suggesting that Williamson’s TCE model needed to be modified to explain service firm mode choice we were able to show that service firms and manufacturing appear to react to different components of transaction cost based uncertainty” (p. 1199), indicating that TCE is suitable to explain the internationalization of service firms and that service and manufacturing firms respond differently to internationalization stimuli when the theory is applied. Furthermore, some scholars suggest nuances due to service characteristics. For instance, Ekeledo and Sivakumar (2004) recognize that “service firms differ significantly from those of manufacturing firms because of simultaneity of production and consumption for non-separable services” (p. 95) and Stare (2002) states that deviations from a sequential pattern “owing to specific characteristics of services are also detected” (p. 87). Within this perspective, 30 out of 32 papers (94%) refer to a specific theory or set of theories.

The “**same perspective – adaptation**” position suggests that adjustments to existing theories are necessary in order to understand the internationalization of service firms (Table 9). In particular, of the 86 articles endorsing the “same perspective – adaptation” stance, a major proportion suggests mixing (36 papers with 6.140 citations) or adapting (24 articles with 1.784

**Table 7.** Positions on the adequacy of theories and references: Different behaviors

Position	Number of articles and citations <sup>a</sup>	Articles
Different Behaviors – <i>Different Behavior</i>	29 articles 3.967 citations	Jack, As-Saber and Edwards (2015); Naidoo and Wu (2014); Krull, Smith and Ge (2012); Villar, Pla-Barber and Leon-Darder (2012); Pla-Barber, Leon-Darder and Villar (2011); Moore, Doherty and Doyle (2010); Chadee, Qiu and Rose (2003); Chadee (2002); Zhao and Olsen (1997); Bjorkman and Kock (1997); Erramilli (1992); Darkow, Weidmann and Lorentz (2015); Bangara, Freeman and Schroder (2012); Coe, Johns and Ward (2011); Hertz and Alfredsson (2003); Hurmelinna-Laukkanen and Ritala (2012); Orava and Wiklund (2004); Kathuria, Joshi and Dellande (2008); Brouthers, Brouthers and Werner (2002); Sparks (1995); Godley and Fletcher (2000); Altinay (2007); Winsted and; Patterson (1998), Samiee (1999); Hutchinson, Alexander, Quinn and Doherty (2007); Poulfelt, Smith and Christiansen (2014); Jonsson and Foss (2011); Ramos Silva, Franco and Magrinho (2016); Singh (2017)
Different Behaviors – <i>Different Behavior Between Services</i>	18 articles 1.773 citations	Lahiri, Elango and Kundu (2014); Sepulveda (2014); Philippe and Leo (2011); Czinkota, Grossman, Javalgi and Nugent (2009); Schulz (2005); Lindsay, Chadee, Mattsson, Johnston and Millett (2003); O’Farrell and Wood (1998); O’Farrell, Wood and Zheng (1996); Ghauri, Tasavori and Zaefarian (2014); Baena and Cervino (2012); Coe, Johns and Ward (2007); Taylor, Catalana and Walker (2004); Shih (2010); Alexander (1990); Arnold and Fernie (2000); Petersen and Welch (2000); Araya-Castillo and Mendoza (2020); Bai, Chen and He (2019)
Different Behaviors – <i>Different Behavior and Different Behavior Between Services</i>	10 articles 2.021 citations	Hutchinson, Quinn and Alexander (2006); Blomstermo, Sharma and Sallis (2006); Bouquet, Hebert and Delios (2004); Patterson and Cicic (1995); Petrou (2007); Abdelzaher (2012); Howcroft, ul-Haq and Carr (2011); Vandermerwe and Chadwick (1989); Ghauri and Firth (2010); Malhotra and Hinings (2010)

**Note(s):** <sup>a</sup>As of October 2024

Due to space constraints, the articles included in this table are not referenced in the references section. All references can be found in the supplementary material

**Source(s):** Authors’ own creation

citations) current theories in light of the type of activity performed, while the remaining articles call for the introduction of new variables (15 articles with 1.486 citations) and for a generic adaptation of extant models (11 articles with 3.660 citations).

Scholars who advocate for a mix of current theories, “*same perspective – adaptation – mixed theory*” do so in different ways. For instance, [Coviello and Martin \(1999\)](#) and [Vida et al. \(2000\)](#) take a comprehensive approach and merely suggest the need for more integrative frameworks. [Merchant and Gaur \(2008\)](#) assume the need for a multi-theoretical perspective of non-manufacturing firms and [BagchiSen and Sen \(1997\)](#) recognize that “the complexity of the

**Table 8.** Positions on the adequacy of theories and references: Same perspective – traditional

Position	Number of articles and citations <sup>a</sup>	Articles
Same Perspective – <i>Traditional – Suitable Theory</i>	54 articles 8.663 citations	Mohr and Batsakis (2014); Martorell Cunill, Mulet Forteza and Gil-Lafuente (2013); Li and Roberts (2012); Safon and Escriba-Esteve (2011); Bianchi (2011); Pla-Barber, Sanchez-Peinado and Madhok (2010); Strandskov and Pedersen (2008); Goerzen and Makino (2007); Ramon Rodriguez (2002); Weiermair and Peters (1998); Ochoa-Giraldo, Gurusamy and Gonzalez-Perez (2014); Jung (2004); Agarwal and Ramaswami (1992); Hall (2015); Fernández Fernández (2001); Gadhia, Kotzab and Prockl (2011); Outreville (2007); Erramilli, Agarwal and Dev (2002); Eickelpasch and Vogel (2011); Mariotti and Piscitello (2010); Palmer, Owens and De Kervenoael (2010); Gourlay, Seaton and Suppakitjarak (2005); Bianchi. (2009); Eren-Erdogmus, Cobanoglu, Yalcin and Ghauri (2010); Freeman and Sandwell (2008); Freeman, Cray and Sandwell (2007); Brouthers, Brouthers and Werner (1996); Mutinelli and Piscitello (2001); Huang and Sternquist (2007); Paul and Gupta (2014); Ekman, Hadjikhani, Pajuvirta and Thilenius (2014); Gripsrud and Benito (2005); Boddewyn, Halbrich and Perry (1986); Sabi (1988); Sagari (1992); Terpsta and Yu (1988); Weinstein (1977); Guercini and Milanese (2017); Mohr and Batsakis (2018); Bhaumik, Owolabi and Pal (2018); Baena (2018); Kruesi, Hemmington, and Kim (2018); Kruesi, Kim and Hemmington (2017); Goi (2016); Orzes, Sartor, Nassimbeni and Fratocchi (2017); Ooi and Richardson (2019); Girdzijauskaite, Radzeviciene, Jakubavicius and Banaitis (2019); Magnier- Watanabe and Hoadley (2019); Andreu, Claver and Quer (2020); Roberts and Muralidharan (2020); Ibeh, Uduma, Makhmadshoev and Madichie (2018); Uner, Cetin and Cavusgil (2020); Al-Kwifi, Frankwick and Ahmed (2020); Xing, Liu and Lattemann (2018)
Same Perspective – <i>Traditional – Distinct Conduct</i>	32 articles 8.053 citations	Li and Roberts (2012); Cheung, Mirza and Leung (2008); Parada, Alemany and Planellas (2009); Stromquist (2007); O'Farrell, Wood and Zheng (1998); Ekeledo and Sivakumar (2004); Brouthers and Brouthers (2003); Sellar (2015); Lee, Song and Kwak (2014); Efrat and Shoham (2013); Freeman, Daniel and Murad (2012); Roberts (1999); Ström and Ernkvist (2012); McNaughton (2002); Stare (2002); Lovelock and Yip (1996); Dunning (1989); Erramilli (1990); Luo, Hongxin Zhao and Du (2005); Hellman (1994); Dunning and Kundu (1995); Rugman and Verbeke (2008); Dunning and McQueen (1982); Dunning and McQueen (1981); Erramilli (1991); Buckley, Pass and Prescott (1992); Santos, Brochado and Esperança (2016); Pallis, Parola, Satta and Notteboom (2018); Andreu, Claver and Quer (2017); Arvanitis, Hollenstein, and Stucki (2016); Uner, Cetin and Cavusgil (2020); Mas-Ruiz, Ruiz-Conde and Calderón-Martínez (2018)

**Note(s):** <sup>a</sup> As of October 2024. Due to space constraints, the articles included in this table are not referenced in the references section. All references can be found in the supplementary material

**Source(s):** Authors' own creation

**Table 9.** Positions on the adequacy of theories and references: same perspective – adaptation

Position	Number of articles and citations <sup>a</sup>	Articles
Same Perspective – <i>Adaptation – Mixed Theory</i>	36 articles 6.140 citations	Stevens, Makarius and Mukherjee (2015); Satta and Persico (2015); Jensen and Petersen (2014); Quek (2012); Ripollés Melià, Blesa Pérez and Roig Dobón (2010); Ball, Lindsay and Rose (2008); Gluckler, J. (2006); Contractor and Kundu (1998b); Fladmoelindquist and Jacque (1995); Niewiadomski (2014); BagchiSen and Sen (1997); Owens, Zueva-Owens and Palmer (2012); Vida (2000); Alexander and Myers (2000); Vida, Reardon and Fairhurst (2000); Coviello and Martin (1999); De Prijcker, Manigart, Wright and De Maeseineire (2012); Merchant and Gaur (2008); Doherty (1999); Sternquist (1997); Qian and Delios (2008); Brouthers, Geisser and Rothlauf (2016); Madanoglu, Alon and Shoham (2017); Upadhyayula, Dhandapani and Karna (2017); Hoffman, Munemo and Watson (2016); Kruesi and Záborsky (2016); Banalieva and Dhanaraj (2019); Cahen and Mendes Borini (2020); Kretinin, Sergey and Wincent (2020); Stallkamp and Schotter (2019); Xiao, Lew and Il Park (2019); Ojala, Evers and Rialp (2018); Doherty (2007); Chidlow, Ghauri and Hadjikhani (2019); Swoboda, Elsner and Olejnik (2015); Dooms, Van Der Lugt and Parola, Satta and Song (2019)
Same Perspective – <i>Adaptation – Type of Activity</i>	24 articles 1.784 citations	Quer, Claver and Andreu (2007); Pla-Barber, Villar and Leon-Darder (2014); Leon-Darder, Villar-Garcia and Pla-Barber (2011); Alexander (2011); Brown, Dev and Zhou (2003); Ekeledo and Sivakumar (1998); Ramon-Rodriguez, Moreno-Izquierdo and Perles-Ribes (2011); Santana Mariscal, Zhang and López Pascual (2012); Elg, Ghauri and Tarnovskaya (2008); Pogrebnyakov and Maitland (2011); Lopez, Kundu and Ciravegna (2009); Li, Faulkner and Yan (2011); Carneiro, Rocha and Silva (2008); Abecassis-Moedas, Ben Mahmoud-Jouini, Dell’Era, Manceau and Verganti (2012); Sanchez-Peinado and Pla-Barber (2006a); Vida and Fairhurst (1998); Dawson (1994); Xue, Zheng and Lund (2013); Wang, Wood, Abdul-Rahman and Ng (2017); Frasset, Dawson, Calderón and Fayos (2018); Boehe (2016); Eerme and Nummela (2019); Parente and Geleilate (2018); Etemad and Motaghi (2018)
Same Perspective – <i>Adaptation – New Variables</i>	15 articles 1.486 citations	Meyer, Skaggs, Nair and Cohen (2015); Qian and Delios (2008); Cahen and Mendes Borini (2020); Sanchez-Peinado and Pla-Barber (2006b); Westhead, Wright, Ucbasaran and Martin (2001); Bunyaratavej, Hahn and Doh (2008); Quer, Claver and Andreu (2007); Sanchez-Peinado, Pla-Barber and Hebert (2007); Luo, Hongxin Zhao and Du (2005); Kundu and Contractor (1999); Li and Guisinger (1992); Moshirian and Pham (1999); Argento, Culasso and Truant (2016); Garcia-Muiña, Romero-Martínez and Kabbara (2020); McNaughton (1999)
Same Perspective – <i>Adaptation – Generic</i>	11 articles 3.660 citations	Goi (2016); Faulconbridge, Hall and Beaverstock (2008); Ekeledo and Sivakumar (2004); Erramilli and Rao (1993); Erramilli and Rao (1990); Van Lente and De Goey (2008); Laanti, McDougall and Baume (2009); Akehurst and Alexander (1995); Cheung and Leung (2007); Domke-Damonte (2000); McQuillan, Scott and Mangematin (2018)

**Note(s):** <sup>a</sup> As of October 2024. Due to space constraints, the articles included in this table are not referenced in the references section. All references can be found in the supplementary material

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service sector necessitates the need for an eclectic paradigm to explain the internationalization process of service firms” (p. 1171). On the other hand, some authors suggest the union of different theories and/or disciplines to explain service internationalization. Accordingly, Owens *et al.* (2012), state that a triple “combination of institutional, RBV and network perspectives is necessary” (p. 406); Chidlow *et al.* (2019) recognize the need for “theoretical input from a variety of scientific fields” (p. 511) and Quek (2012) particularly suggests “integrating international business theories and business history” (p. 217). Hence, the majority of these papers (32 out of 36) express their position in specific reference to concrete theories.

Regarding calls for theory adaptation due to the peculiarities of services, “*same perspective – adaptation – type of activity*” subcategory, includes extensions of current theories to explain specific industries, proposed theory adjustments to fit different types of service activities and general demands for more nuanced and comprehensive theoretical approaches that consider the diversity of services. Within this position, just over half of the articles specifically refer to a theory or set of theories (13 out of 24), but 83% directly link their statements to particular industries or types of service companies, with hotels and retail being the most represented sectors. For example, Quer *et al.* (2007) claim that “a complete theoretical framework of entry mode choice in the hotel industry is therefore necessary” (p. 374) and Etemad and Motaghi (2018) suggest “the need for a re-examination of the traditional internationalization theory, at least for services” (p. 1042). Additionally, other authors have created their own frameworks that consider the type of service (Ekeledo and Sivakumar, 2004) or the specifics of the retail industry (Vida and Fairhurst, 1998).

Calls to introduce new variables to the study of service firms, “*same perspective – adaptation – new variables*”, include defenses of new factors related to services, particular industries and types of service companies and also suggestions to replace the original constructs. For example, Cahen and Mendes Borini (2020) develop the international digital competence construct to study digital services, while Bunyaratavej *et al.* (2008) describe the need to “extend and re-specify core IB theories in light of services internationalization” (p. 240) by introducing country-level variables. On the other hand, some authors call for variables specific to certain sectors, such as banking (Moshirian and Pham, 1999; Qian and Delios, 2008), construction (Westhead *et al.*, 2001) and hotels (Quer *et al.*, 2007), while others simply demand sector-specific variables (Kundu and Contractor, 1999) or the consideration of new variables beyond those from traditional theories (Sanchez-Peinado and Pla-Barber, 2006; Sanchez-Peinado *et al.*, 2007). Note once again that a minor number of papers refer to one specific theory or group of theories in their statements (4 out of 15 papers).

Furthermore, scholars have also made generic calls for adaptation without stipulating the type of adaptation required, “*same perspective – adaptation – generic*”, describing the need for general theory extensions, more nuances and refinements or additional comprehensive frameworks to accommodate the specifics of service internationalization. Within this perspective, 7 out of 11 papers identify a particular theory or set of theories in their statements. For example, Faulconbridge *et al.* (2008), in their empirical study of global headhunting companies, said “we have suggested that theories of producer service firm internationalization need to acknowledge, and critically engage with, the messy, intricate, and complex set of practices and rhetoric’s that reproduce and enable the business practice used by firms involved in different markets. [ . . . ] The ‘eclectic paradigm’ (Dunning and Norman, 1983, 1987) and Bartlett and Ghoshal’s (1998) typology alone might not allow such complexity to be integrated into analyses” (p. 232), calling for theory adaptation with no specifications. Some articles include general calls to develop the theory on entry modes (Goi, 2016); to extend existing frameworks by studying service sectors that have traditionally been neglected (Laanti *et al.*, 2009); or to accommodate the experiences of different service sectors into IB theories (Akehurst and Alexander, 1995).

Finally, only 14 articles that accumulate around 2.356 citations in our literature review simply endorse the “**new theory**” perspective (Table 10). These papers argue for the development of new theories or models to understand the internationalization of service firms and specific types of businesses. Specifically, Shukla and Dow (2010) “call for new models explaining the

**Table 10.** Positions on the adequacy of theories and references: New theory

Position	Number of articles and citations	Articles
New Theory	14 articles 2.356 citations	Pla-Barber and Ghauri (2012); Shukla and Dow (2010); Kundu and Merchant (2008); Axinn and Matthyssens (2002); O’Farrell, Moffat and Wood (1995); Ochoa-Giraldo, Gurusamy and Gonzalez-Perez (2014); Molla-Descals, Frasquet-Deltoro and Ruiz-Molina (2011); Alexander and Lockwood (1996); Akehurst and Alexander (1995); Javalgi and Martin (2007); Clark, Rajaratnam and Smith (1996); Knight (1999); Bunz, Casulli, Jones and Bausch (2017); Rosado-Serrano, Paul and Dikova (2018)

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internationalization process of knowledge intensive firms” (p. 276), while [Molla-Descals, Frasquet-Deltoro and Ruiz-Molina \(2011\)](#) and [Akehurst and Alexander \(1995\)](#) suggest the equivalent for the retail industry. Additionally, some of the requests mention the need to embrace service characteristics and complexity. For example, [Kundu and Merchant \(2008\)](#) ask for the “development of theories of service multinational enterprise to explain the intricacies of service firms” (p. 376); and, [Clark et al. \(1996\)](#) defend the need for “theory development that comes to groups with the culturally (not to say politically) sensitive intangibility attribute of international services” (p. 23). From a comprehensive point of view, [Axinn and Matthyssens \(2002\)](#) call for “the development of a theory that can address the dynamics of internationalization of all types of firms, service firms and product firms, small firms and multinational corporations, Internet firms and brick and mortar firms, and all variations in between” (p. 445), while [Alexander and Lockwood \(1996\)](#) simply request “generalized paradigms” (p. 459) for the entire service sector. Likewise, other authors basically demand frameworks that go beyond those created for the manufacturing sector ([Pla-Barber and Ghauri, 2012](#)) or sustain that “the challenge lies ahead in the development of theories of service MNE to explain the intricacies of services firms” ([Kundu and Merchant, 2008](#), p. 376). Within this perspective, only 2 out of 14 papers explicitly base their calls on one theory or set of theories.

Finally, 71 of the articles in the literature review do not discuss at all the applicability of existing theories to service firms or acknowledge different behavior in service firms, “**no comment**”. A record of these papers is included in [Table 11](#).

#### 4. Discussion and conclusions

##### 4.1 Main findings

A systematic search and review has been applied to enable a comprehensive analysis of service firms’ internationalization entry mode choice in terms of the usage of theoretical backgrounds, and scholars’ positions apropos the adequacy of extant theories for the study of service firms. Within the scope of this literature review, 307 articles covering the internationalization of service firms and their entry mode choices during the period (1977–2020) were selected and analyzed. This encompasses about four decades of research in the field, 91 different journals, 543 authors, 49.198 citations up to 2024, 17 theoretical framework groups and 20 sectors of activity.

The results show that theories have been applied asymmetrically over the years. In our review, 17 different groups of theories were identified to explain the entry mode choice of service firms. Overall, five theoretical approaches have been widely applied in the literature (i.e. eclectic paradigm, process model theories, internalization theory, resource-based view, and network theory). Additionally, international entrepreneurship and institutional theories, despite

**Table 11.** Position on the adequacy of theories and references: No comment

Position	Number of articles and citations <sup>a</sup>	Articles
No comment	71 6.994 citations	Rosenbaum and Madsen (2012); Rodriguez and Nieto (2012); Parente, Choi, Slangen and Ketkar (2010), Hsieh, Shen and Lee (2010); Winch (2008); Litteljohn, Roper and Altinay (2007); Segal-Horn and Dean (2007); Boojihawon (2007); Ström and Mattsson (2006); Ward (2004); Daniels (1995); Sijbrands and Eppink (1994); Edvardsson, Edvinsson and Nystrom (1993); Contractor and Kundu (1998a); OhUallachain (1996); Manning, Larsen and Bharati (2015); Butler and Soontiens (2015); Anwar (2015); Deprey, Lloyd-Reason and Ibeh (2012); Roolah and Varblane (2009); Javalgi, Joseph and LaRosa (2009); McKenzie and Merrilees (2008); Warf (2004); Leo and Philippe (2001); Beaverstock, Taylor and Smith (1999); Baark (1999); Coe (1997); Eriksson, Johanson, Majkgard and Sharma (1997); Dev, Brown and Zhou (2007); Graack (1996); Chen and Messner (2009); Ruckman (2004); Brookes and Roper (2010); Klein and Wareham (2008); Kundu, Kumar and Peters (2008); Scott-Kennel and von Batenburg (2012); Howcroft, Ul-Haq and Hammerton (2010); Altinay and Okumus (2010); Palmer (2006); Clarke and Rimmer (1997); Bailey, Clarke-Hill and Robinson (1995); Davies and Fergusson (1995); Drtina (1995); Glaister and Thwaites (1994); Davies and Jones (1993); Davé (1984); Welch and Pacifico (1990); Warnaby (1999); Burt and Carralero-Encinas (2000); Lee, Madanoglu and Ko (2013); Grönroos (1999); Grönroos (2016); ul-Haq and Howcroft (2007); Kennedy and Keeney (2009); Luiz and Charalambous (2009); Andersson (2002); Curwen and Whalley (2005); Huang, Hu and Chen (2008); Schertler and Tykvová (2011); Engwall and Hadjikhani (2014); Sanglard, Carneiro, Baiocchi, Freitas and Schiavo (2014); Segal-Horn and Dean (2009); Chang, Chuang and Jan (1998); Ahmed, Rifat, Nisha, Manirujjaman and Shrensky (2016); Lo and Yung (1988); Liu and Maula (2016); Andreu, Claver and Quer (2017); Braga, Marques and Serrasqueiro (2018); Jain, Celo and Kumar (2019); Puthusserry, Khan and Rodgers (2018); Uner, Cetin and Cavusgil (2018)

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significantly less representation, present an increasing trend and have been mostly used in the last two decades of research. This aligns with the considerable expansion of digital businesses (e.g. social media networks, e-commerce, among others) in recent years and also with the increasing attention to the human component of service industries and the rise of businesses in emerging countries, which require greater consideration of the diversity of environmental factors and the sociological perspective affecting the operations of service firms. Moreover, an increase in the number of theories applied per article is also evident. Indeed, the first two decades (1977–2000) presented an average of 3.3 theories applied per article, whereas the last two decades (2000–2020), the average was 8.6. This comes as no surprise, as service activities are complex and diverse within the industry, so a multi-perspective analysis appears to be a pragmatic approach to capture the very essence of the phenomenon. In fact, scholars' contributions seem to adjust to [Coviello and Martin's \(1999\)](#) suggestion that “service internationalization is too broad a concept to be defined exclusively or examined by any one theoretical framework” (p. 42).

With reference to the ongoing debate in the literature as to whether extant internationalization theories are sufficiently suited to analyze the entry mode choice of service firms, scholars adopt diverse positions. Although almost a quarter of the articles reviewed did not express any explicit opinion on this issue, the remainder were divided between the positions that existing theories are particularly suitable and that there is a need for

a certain degree of theory adaptation. Among those advocating for full endorsement of traditional theories, a significant portion of researchers also recognize that service firms present a distinctive behavior that needs to be considered. They mainly defend the adequacy of theoretical underpinnings, but they also describe nuances in service firms' conduct. Regarding the perspective of theory adaptation, there are diverse opinions among authors as to how theories should be adapted to fit the reality of service firms. Whereas some authors express general calls for adjustment without specifying the precise manner to do so, others explicitly support the idea that these adaptations need to be based on the specific particularities of service firms' activities. Other lines of thought suggest a combination of different theories to understand service firms, and to a lesser extent, other papers call for the inclusion of new and different variables to support traditional theories. As necessary as adaptations may seem, they are exceptionally challenging. Despite the distinction between goods and services having been widely addressed in the literature, the nature of different types of service activities and businesses and how these might affect service internationalization is still under-explored. Again, past scholarly work is consistent with the need for a tailored multi-theoretical perspective but provides little knowledge on how this endeavor is to be tackled.

Additionally, a negligible call for the development of new IB theories that are specific to the service industry has also been detected. However, this more radical stance is more prominent in the few literature reviews and theoretical-conceptual articles, since the latter are abstract and have a stronger propensity to speculatively call for novel theoretical views. Conversely, empirical studies scrutinize theoretical frameworks using observable data and thus more balanced opinions on their value as a predictor of the international behavior of service firms have been identified. However, it should be noted that regardless of positions on theory adequacy, the majority of the opinions expressed are based on the particular concerns of the results obtained in the paper itself, rather than on any attempt to provide a universal approval or rejection of extant theoretical approaches.

#### *4.2 Contributions to theory*

As evidenced in this review, studies on the internationalization of service firms are as diverse and complex as businesses and activities within the industry. The intricacy of service firms, as well as the lack of consensus on how to best study the way services behave in the international environment from a theoretical point of view, has revealed a wide diversity of articles with different approaches. When analyzing the adequacy of specific theories, it has been observed that positions are considerably diverse with regard to the different theoretical frameworks. Mainstream theoretical approaches such as the eclectic paradigm, transaction-cost approach, process models and resource-based view present a wide variety of points of view about their suitability that are not conducive to any firm conclusions. This not only stems from the fact that these frameworks have been more widely studied within management literature, but also their more widespread implementation in research on the internationalization of service firms, which has led to a greater diversity of opinions on their suitability. In contrast, for other less-used theoretical backgrounds, such as strategic management, risk and signaling theories, only one type of position has been expressed. In fact, authors have primarily advocated for a combination of these frameworks with other disciplines or existing theories, which is logical as these theories are not specific to the IB domain. Moreover, regarding network theory, EMNE theories and regional theory, authors predominantly support their suitability despite there also being a major call for adaptation. All in all, analysis at the theory level reveals that scholars primarily support the notion that individual theoretical frameworks should be adapted to study service firms, followed by an endorsement of original theories. However, the adaptation could be incredibly difficult since little is known about the nature of various service-related activities and how they could impact service internationalization. Therefore, further research on how service characteristics and nature define the processes and entry mode choices of service firms must

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be developed. A more uniform use of these features through research would make it simpler to get insights, test, and develop full conceptual frameworks for the service industry in the future.

#### 4.3 Limitations

This research is, however, subject to several limitations. Primarily, the very nature of the object of our study (i.e. services). The extreme complexity and diversity of service operations hinder the ability to establish accepted theoretical frameworks with which to draw universal conclusions for this industry. However, despite the challenging essence of research on the internationalization of services, the importance of services in the world's economies compels us to continue our efforts in the field. Secondly, the literature review described in this paper is subject to selection and information biases. In our case, the size of the sample intensified these risks, and content analysis was particularly challenging in terms of the identification of current positions on theory adequacy. This shortcoming was addressed in two ways: by creating a meticulous search process and selection criteria, and by methodically designing a coding process that included several pilot trials to optimize the reliability and consistency of the results. We also took a cautious approach to content analysis to prevent the inclusion of ambiguous data in our study. Moreover, the broad scope of our search criteria may have obstructed the identification of studies related to specific sectors or types of service business. However, if we had targeted specific industries/businesses in addition to services in general, this might have resulted in an overly cumbersome process, considering the initial objectives of this research.

#### 4.4 Future research recommendations

Overall, the results of our literature review reveal major recognition of the inherently distinctive behavior of service firms, acknowledging differences from manufacturing businesses and between different types of services. Indeed, there is no denying that service firms are special, and their internationalization deserves special treatment and to be studied through a particular lens. We do not believe that radical new theoretical frameworks should be developed for the service industry, since extant theories have so far proven to have significant explanatory power for service firms as well. Nonetheless, further progress with the particular way that IB theories are adjusted to service businesses is clearly needed. There is limitless potential to expand our understanding of the intricacies of service firms (i.e. nature, features, business models, processes) and examine their internationalization from the right perspective. Existing theories must be re-imagined with a service mindset. In particular, factors addressing the specific nature of services and their characteristics should be defined and applied to the study of their internationalization processes in a consistent fashion, beyond the interests of a particular study or country/industry reality. Therefore, a more coherent application of study variables would help to provide insights and to test and develop comprehensive conceptual frameworks for the service industry.

Furthermore, we have identified specific research gaps in the literature review that future research could address (see [Table 12](#)). Future research should focus on three main areas. First, upcoming studies should tackle specific knowledge areas. Specifically, they should develop in-depth sector-by-sector work to explore commonalities across service industries and apply understudied IB theories to test their explanatory power of service firm's internationalization. Secondly, comprehensive literature reviews with solid methodological approaches should be executed to validate generally accepted stances on the study of service firms in the international arena, such as replicating this study to encompass a wider array of research in this domain. Finally, there is a critical need regarding the development of integrative theoretical-conceptual work. These studies should focus on developing theoretical-conceptual frameworks that establish the role of the different service characteristics in the internationalization of service firms and their entry mode choices as well as on how to combine theoretical standpoints for the study of service firms that could be empirically tested, in a consistent manner. Additionally, new research that proposes how to adapt the current theories to the study of service firms and their

**Table 12.** Research gaps and future research

Current research situation and gaps	Suggestions for future research	
	Focus	Perspective
Lack of sector-by-sector studies	Specific Knowledge Areas	Sector-by-sector work to identify commonalities across industries
IB theories unevenly applied over the researched period		Specific studies with the application of understudied theories and their explanatory power for the internationalization of service firms
Literature reviews improved methodological approaches but still extremely scarce within literature	Literature Reviews	Literature reviews with solid methodological approaches to analyse and validate generally accepted stances on the study of service firms
Limited number of theoretical-conceptual studies within literature and Support for a multi-theoretical standpoint but no guidelines on how to approach it	Theoretical-conceptual work	Theoretical-conceptual work on how to combine theoretical standpoints for the study of service firms that could be empirically tested, in a consistent manner
Characteristics of services triggered reservations about the explanatory power of existing IB theories		Theoretical-conceptual frameworks that establish the role of the different service characteristics in the internationalization of service firms and their entry mode choices
Development of specific theories for service firms is not supported		Theoretical- conceptual studies that analyze and propose how to adapt the current theories to the study of service firms and their internationalization processes

**Source(s):** Authors' own creation

internationalization processes will be critical to the advancement of knowledge in this domain and will set a robust basis for further empirical work.

Therefore, we encourage future researchers to further explore these research gaps and consider the proposed recommendations, as advancing the study of service internationalization demands a service-oriented mentality and the incorporation of features that capture the distinctive, unique nature and inherent characteristics of services.

**Declaration of generative AI and AI-assisted technologies in the writing process**

The authors report that there is no use of IA tools in the preparation of this article.

**Notes**

1. The asterisk (\*) was used to select articles containing the keyword in either British or American English (internationalization or internationalisation).
2. The exact quotations wherein authors express their positions are available upon request.

**Supplementary material**

The supplementary material for this article can be found online

**References**

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