

Services in International Business Studies A Replication and Extension of Merchant and Gaur (2008)

Hazarbassanova, Denitsa; Jensen, Peter D. Ørberg ; Merchant, Hemant

Document Version

Accepted author manuscript

Published in:

Management International Review

DOI:

[10.1007/s11575-020-00417-8](https://doi.org/10.1007/s11575-020-00417-8)

Publication date:

2020

License

Unspecified

Citation for published version (APA):

Hazarbassanova, D., Jensen, P. D. Ø., & Merchant, H. (2020). Services in International Business Studies: A Replication and Extension of Merchant and Gaur (2008). *Management International Review*, 60(3), 427-457. <https://doi.org/10.1007/s11575-020-00417-8>

[Link to publication in CBS Research Portal](#)

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

If you believe that this document breaches copyright please contact us (research.lib@cbs.dk) providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 04. Jul. 2025



**Services in International Business Studies:
A Replication and Extension of Merchant and Gaur (2008)**

Denitsa Hazarbassanova Blagoeva
Copenhagen Business School
Department of Strategy and Innovation
Kilevej 14, 2nd Floor, DK-2000 Frederiksberg, Denmark

Peter D. Ørberg Jensen *
Copenhagen Business School
Department of Strategy and Innovation
Kilevej 14, 2nd Floor, DK-2000 Frederiksberg, Denmark
Telephone: +45 3815-2658; Email: poe.si@cbs.dk

Hemant Merchant
University of South Florida
Kate Tiedemann College of Business
Office: LPH 441
St. Petersburg, FL 33701, USA

* Corresponding author – Authors appear in alphabetical order by surname.

Published in *Management International Review* (2020), Volume 60, Issue 3, pp. 427 – 457.

**Services in International Business Studies:
A Replication and Extension of Merchant and Gaur (2008)**

Denitsa Hazarbassanova Blagoeva
Copenhagen Business School
Department of Strategy and Innovation
Kilevej 14, 2nd Floor, DK-2000 Frederiksberg, Denmark

Peter D. Ørberg Jensen *
Copenhagen Business School
Department of Strategy and Innovation
Kilevej 14, 2nd Floor, DK-2000 Frederiksberg, Denmark
Telephone: +45 3815-2658; Email: poe.si@cbs.dk

Hemant Merchant
University of South Florida
Kate Tiedemann College of Business
Office: LPH 441
St. Petersburg, FL 33701, USA

* Corresponding author – Authors appear in alphabetical order by surname.

Published in *Management International Review* (2020), Volume 60, Issue 3, pp. 427 – 457.

Services in International Business Studies: A Replication and Extension of Merchant and Gaur (2008)

Abstract

International trade in services is a dominant feature of the global economy but it has not received a corresponding level of attention in international business research. In this study, we review the status of research on the internationalisation of services and service firms in the international business domain in order to derive questions for future research. We replicate and extend Merchant and Gaur's (2008) review of research on the internationalisation of non-manufacturing firms for the following 10 years (2009-2018) for five leading international business journals. In addition to providing a qualitative content analysis of the literature, we extend the study to all research published by 2018 to identify research gaps and emerging research themes. Overall, we find that while research on service internationalisation has increased, the field remains fragmented and lacks theoretical and conceptual development applicable to the internationalisation of services. This creates opportunities for future research.

Keywords: Literature review; non-manufacturing sector; services; service firm; internationalisation; strategy.

1. Introduction

The history of international trade dates back roughly 4,000 years to the Arabian nomads trading in spices and silk from the Far East. Since those early days, international business (IB) scholars have mostly focused on the trade of goods. In this paper, we look to the past to develop questions for future IB research on services and service firms. Our research question is two-fold. First, what is the status of research on the internationalisation of services and service firms in the IB domain? Second, what questions for the future emerge from the extant body of knowledge?

Previous research suggests that scholarly knowledge of the internationalisation of service firms and activities does not reflect the economic importance of these firms in the global economy (Capar and Kotabe 2003; Merchant and Gaur 2008; Pla-Barber and Ghauri 2012). In fact, services are increasingly dominating the world economy. According to the World Bank (2019), the value added by services as percentage of global GDP has been growing steadily, reaching 65% in 2017 (the value added by manufacturing for the same year was 15.6%). Employment in services worldwide was 48.8 % (55.5% female) in 2018. Global trade in services demonstrated its resilience to the turmoil of the last financial and economic crisis when it exhibited a lower magnitude of decline and a speedier recovery (UNCTAD 2012). The service sector accounts for the larger part of FDI stock in Europe (87% of inward and 62% of outward FDI in 2011) and globally (63% overall in 2012), which suggests that service firms have been the most active in internationalising their operations (UNCTAD 2015). Several factors gave rise to and are sustaining this trend. These include the increased liberalisation of services in developed and developing countries as well as the emergence of ICT-based technologies that enable firms to scale up the delivery of services across a large number of locations that were previously not viable. The service sector has dominated the international scene for quite some time. Therefore, it is reasonable to expect similar growth in IB expertise in this field.

Business and economics studies have explored the subject from various angles (e.g., Gershuny and Miles 1983; Shelp 1981). Several reviews of our knowledge on service internationalisation have appeared since the beginning of the 21st century, all remarking on the crucial role of the sector in the post-industrial era and all lamenting the inadequacy of research on the topic. Contractor et al. (2003) point to the discrepancy between

the importance of services relative to manufacturing and the lack of research on the former's internationalisation. Lommelen and Matthyssens (2005) undertake a literature review on the internationalisation process of service providers and arrive at similar conclusions. In a special issue on the internationalisation of services in *Management International Review* (vol. 48, issue 4), Merchant and Gaur (2008, p. 370) assess the contribution of IB scholars to enhancing knowledge on the non-manufacturing sector and discover “a largely barren academic landscape vis-à-vis recent academic work pertaining to the non-manufacturing sector in general and services sector per se in particular”. In the introduction to a *Service Industries Journal* special issue (vol. 32, issue 7) on the internationalisation of services, Pla-Barber and Ghauri (2012) also acknowledge the comparative scarcity of research on the internationalisation of service firms. Notably, these studies also identify opportunities. Merchant and Gaur (2008) see possibilities for cross-country comparative and longitudinal studies, searches for common characteristics and typologies, multi-theoretical perspectives, work towards defining “service” and its unique aspects, and repetition of studies focused on manufacturing firms to assess whether the same designs and theories apply to services. Similarly, Pla-Barber and Ghauri (2012) suggest several areas in which improvements are possible. In summary, despite the increasing amount of research on internationalisation, some fundamental gaps remain.

Our study has two inter-related goals: (1) to take stock of 15 years of scholarly work on non-manufacturing sectors published in selected IB journals, and (2) to highlight and discuss promising areas for additional IB research in this area based on a synthesis of this work. These goals mirror those in Merchant and Gaur's (2008) study, but there are notable differences. First, our study is temporally more comprehensive than Merchant and Gaur's (2008) work. Their study covered a five-year period (2003-2007), while our study includes an additional 10 years of data (2009-2018) for the four original journals, with 15 journal years added for the *Journal of International Management*. Second, our study ventures deeper into the content of published studies to uncover potentially interesting and scientifically rewarding research themes. Instead of identifying structural gaps, as Merchant and Gaur (2008) did, we identify substantive gaps in the non-manufacturing landscape by focusing on phenomena that require scholarly attention. Thus, our approach contrasts with Merchant and Gaur's (2008) descriptive approach to profiling non-manufacturing studies.

Our findings suggest that the IB interest in services is growing and that significant development has occurred in the last decade in terms of the number of papers, rigor and methodological approaches. Nevertheless, underexplored themes and angles still exist, which we highlight as future research opportunities.

This paper is structured as follows. First, we present our methodology. Thereafter, we undertake a quantitative comparison of two five-year periods (2009-2013 and 2014-2018) with the results from Merchant and Gaur (2008). In the content analysis, we draw attention to a selection of themes underlying the literature on the internationalisation of services, and we identify gaps and understudied areas. On this basis, we offer reflections on past research and directions for future research.

2. Methodology

For the reasons discussed above, we closely followed Merchant and Gaur's (2008) research protocol. In line with Merchant and Gaur (2008), we use the term "non-manufacturing sector" to refer to primary and tertiary (or service) sectors. As a point of departure, we confine our survey to the same four journals as Merchant and Gaur (2008): the *Journal of International Business Studies* (JIBS), the *Journal of World Business* (JWB), *Management International Review* (MIR) and *Thunderbird International Business Review* (TIBR). We added the *Journal of International Management* in order to include another multi-disciplinary journal in the field and extend the study further. Like Merchant and Gaur (2008), we acknowledge that there are several other well-regarded IB journals but we have chosen to exclude them, as our main objective is to ensure comparability with Merchant and Gaur's (2008) study.

For the above-mentioned journals, we evaluated all studies published from January 1, 2009 to December 31, 2018, and coded them in line with Merchant and Gaur's (2008) approach. We followed the same procedure for the full 15 journal years (2003-2018) for the *Journal of International Management*. We did not revisit Merchant and Gaur's (2008) original coding, partly because we assume it is correct and partly to avoid "reinventing the wheel". To facilitate meaningful comparisons, our analysis covers three five-year horizons: (1) 2003 to 2007 (i.e., Merchant and Gaur, 2008 data, with the addition of *Journal of International Management*), (2) 2009 to 2013 and (3) 2014 to 2018. We reviewed articles for the entire period but we left

2008 out of the quantitative study in order to compare Merchant and Gaur's (2008) five-year period to the two subsequent five-year periods (2009 to 2013 and 2014 to 2018). We report findings for each of these five-year periods (henceforth, T1, T2 and T3, respectively) as well as the 15-year aggregate.

2.1 Protocols for Taking Stock of Published Non-manufacturing Studies

To address our first goal (i.e., stock-taking), we assigned studies to the categories and subcategories used by Merchant and Gaur (2008). In this regard, we strictly adhered to Merchant and Gaur's (2008) classification protocols:

[W]e only selected theoretical/conceptual and empirical studies that focused on the non-manufacturing sector, either singularly or together with manufacturing sector. Moreover, we included studies whose sample type (manufacturing or not) we could not ascertain initially. For convenience, we labeled our entire selection "possibly non-manufacturing sector studies." This selection consisted of studies with either an individual-level, or firm-level, or industry-level focus. Studies that had individuals as the unit of analysis were included only if they met either of following criteria: i) respondents belonged to firms operating in [the] non-manufacturing sector, or ii) the phenomenon under investigation was related to non-manufacturing sector. (Merchant and Gaur, 2008: 381-382).

Based on this process, we isolated 1,299 possibly non-manufacturing sector studies (551 studies in T2 and 571 in T3). We assigned the remaining studies to the "manufacturing sector" category. Next, like Merchant and Gaur (2008), we assigned the non-manufacturing sector studies to three non-overlapping subcategories that formed the basis of our analysis: (1) exclusively non-manufacturing studies (i.e., conceptual and empirical studies that focused only on the non-manufacturing sector); (2) mixed-sector studies (i.e., conceptual studies applicable to both industry sectors, and empirical studies with samples that included non-manufacturing and manufacturing samples); and (3) unclear studies (i.e., studies with an ambiguous or unreported sector focus, and studies in which such a focus was inapplicable; e.g., editorials).

2.2 Protocols for Identifying Promising Areas

To address our second goal (i.e., uncover promising themes for future IB research), we focused exclusively on the “service firms’ internationalisation” theme. We conducted an exhaustive keyword search of the Scopus database. We did not limit this search to any specific journals and we did not confine it to a specific timeframe. These decisions were motivated by: (1) our perception of scholarly interest in the service sector, (2) the relative paucity of service-related publications in mainstream IB journals, (3) the prevalence of internationalisation studies focused on manufacturing firms and (4) our research interest.

Our search resulted in more than 1,200 documents, including 926 published and in-press articles. The remaining documents included editorials, books or book chapters, and notes/erratum. After excluding articles that were not in English, French or Spanish as well as articles we deemed irrelevant for our focus (e.g., misleading use of the focal keywords), we were left with 354 articles published between 1985 and 2016. From this set, we eliminated 62 articles that we could not access through our libraries or Google Scholar. Thus, we were left with a final sample of 292 papers on service firms’ internationalisation, 288 of which were in English and the other 4 in French or Spanish. We then used the analytical tools that Scopus provides to derive a sense of the sample of papers. There were less than 15 papers per year until 2006, after which the number grew significantly. Two journals stand out in terms of the number of publications: *Service Industries Journal* and *International Business Review*. While all other journals published less than ten papers on our topic of interest, these two journals published 40 and 13, respectively.

We performed a content analysis on the 288 English papers using the NVivo software (data-management software that allows for the classification, organization and analysis of non-numerical or unstructured data). We manually analysed the foreign-language papers.

We conducted this analysis in two steps. In step 1, we developed a list of coding themes related to IB research on services. We developed this thematic list to use in the content analysis reflecting to the main phenomena that IB engages with. We considered four main groups of theory-based coding themes: 1) the antecedents of internationalisation, 2) the internationalisation process, 3) service MNCs and 4) trade in services. We also considered a range of sub-themes for each main group (for a list of the theory-based themes

applied in the coding in step 1, see Appendix 1). We coded abstracts and created trees in NVivo to further break down the data within each theme. Next, each tree was separated into elements specific to the theme. A cleansing process was then used to group closely related topics together under broader coding names, which resulted in the final list of themes. We also searched for frequently used words and phrases to discover additional themes not present in the initial codes.

Along with the themes, we registered the methodologies, theories and levels of analysis in each of the papers. We then looked at the titles and abstracts of the papers, and developed an initial outline of the content through a bottom-up approach. We continued the bottom-up approach in step 2, where we identified a narrower selection of themes based on our evaluation of their overall relevance and contributions to IB research on service firms' internationalisation. Consistent with approaches applied in previous reviews (e.g. Jensen 2008; Narayanan et al. 2011; Schmeisser 2013), we organized these themes under three headings related to service firms' internationalisation: antecedents, structure and processes, and outcomes. Overall, we applied this methodology to satisfy the dual aim of conducting a systematic literature review while providing a critical assessment (Tranfield et al. 2003). As Tranfield et al. (2003) point out, a critical assessment is particularly important (although it is frequently absent) when reviewing management literature, as it is a way to address the often contradictory findings emerging from the literature. It can be done "by making explicit the values and assumptions underpinning a review" (Tranfield et al. 2003, p. 208). In this study, we applied the criteria of relevance and contribution in our selection of themes. We present the selected themes under three main headings in Table 1.

*****INSERT TABLE 1 HERE*****

2.3 Limitations

Like any other empirical paper, ours comes with some limitations. Given our goals, some cautionary words are therefore necessary. In general, they echo the boundaries noted in Merchant and Gaur (2008).

First, to be consistent with Merchant and Gaur (2008), we focused on the non-manufacturing sector, which includes both “primary” and “service” sectors. We also did so to evaluate a wider array of conceptual and empirical studies that were not focused solely on the manufacturing sector. Second, due to resource constraints, we could not catalogue all IB journals. Thus, our findings are most likely conservative in terms of portraying the field. Third, given the cross-functional scope of IB, we only reviewed multi-disciplinary journals as opposed to journals in specific functional areas. Fourth, given our emphasis on the non-manufacturing sector, we did not include purely service-sector-oriented method journals. Similarly, we did not consider unpublished papers or conference presentations. Fifth, the replication of Merchant and Gaur’s (2008) work does not come without limitations concerning the applied sectoral definition. While it is consistent with Merchant and Gaur (2008) and, therefore, serves our purpose of conducting a temporal extension of the review, the distinction between “manufacturing” and “non-manufacturing” is crude, and rules out the application of alternative ways of defining and structuring the focal body of research.

These issues are linked to wider problems in this research domain related to the lack of a clear definition of “service” (which we discuss later) and the level of analysis (i.e., which dimensions of services are relevant for analysis). Past research has tried to address such challenges by categorizing service firms by industry. While this categorization is consistent with accepted frameworks of national accounts and allows for statistical analysis, it does not capture other relevant dimensions, especially the role of knowledge as the central competitive resource for firms (Grant 1996). Despite its unquestioned relevance, the knowledge construct is difficult to capture from an analytical perspective (Starbuck, 1992) due to problems of differentiating between knowledge types, which all contain embedded elements of tacit and explicit knowledge. In addition, knowledge-intensive services can be produced both in-house and externally by professional service firms (Starbuck 1992). This, combined with the complex interrelation between services and manufacturing activities (Jones and Wren 2016; Castellani et al. 2016), creates an additional boundary challenge in analysing services in IB studies from a knowledge perspective.

Despite the above-mentioned boundaries, we believe our study is inclusive enough to permit meaningful inferences. Indeed, after including Merchant and Gaur’s (2008) data, our analysis covers more than 2,900

papers published in key IB journals over 75 journal-years (5 journals times 15 years of publication) as well as the qualitative content analysis.

3. Results

3.1 Trend Analysis of Published Non-manufacturing Studies

We can infer two levels of contributions to our understanding of non-manufacturing sector: direct contributions and indirect contributions. Studies that make a direct contribution (19% of all papers considered over the 15-year period) either focus exclusively on the non-manufacturing sector (Boxes GGG and HHH in Figure 1) or present empirical findings separately for non-manufacturing and manufacturing subsamples (Box PPP). This number, which includes conceptual and empirical studies, has noticeably increased since 2009. From a conservative perspective, one can only rely on these studies to better understand phenomena in the non-manufacturing sector. Clearly, both similarities and differences between non-manufacturing and manufacturing studies can enhance our understanding of the non-manufacturing sector.

In contrast, studies that make an indirect contribution include non-manufacturing data but do not present their findings for non-manufacturing and manufacturing subsamples separately (Box OOO). Although these studies are still (technically) mixed-sample studies, their findings are dominated by manufacturing data.¹ If we adopt a more liberal interpretation of findings, there is only a slight increase (25%; 731 of 2,907 studies) in what we can infer about non-manufacturing phenomena. Clearly, as a community of researchers, we have much farther to go. Table 2 presents the distribution of studies that facilitate different kinds of contributions.

***** INSERT TABLE 2 HERE *****

¹ For completeness, we recognise a third level of contribution: the “remotely” contributing studies, which include non-manufacturing data but either do not report the overall sample size (Box KKK) or do not report its sector-specific breakdown (Box MMM). Thus, the most we can meaningfully infer from these studies is that they include non-manufacturing data. In practical terms, these studies likely yield little knowledge specific to the non-manufacturing sector.

Figure 1 presents our sample distribution across various (sub)categories and all three five-year periods (T1, T2 and T3).

***** INSERT FIGURE 1 HERE *****

For our quantitative analysis, we were interested in developments since the publication of Merchant and Gaur (2008). Our analysis suggests an increase, over time, in the number of studies that focus exclusively on the non-manufacturing sector (Box DDD), which rose from 56 studies in T1 to 171 studies in T3. However, over the 15-year period, only 370 (of 2,907) published studies focus solely on this sector, which represents a paltry 13% of our sample. We observe a similar pattern for the mixed-sector studies (Box EEE), although the proportion of such studies is somewhat higher (999 studies; 34% of the total).

Figure 1 also indicates that for the set of exclusively non-manufacturing studies, there is a decrease in conceptual papers (Box GGG) and an increase in empirical papers (Box HHH). Over the 15-year period, only 48 studies (less than 2%) solely enhanced our conceptual grasp of non-manufacturing phenomena. For empirical non-manufacturing studies, the corresponding 15-year statistic increases to 11% (Box HHH), which is still a low figure and one that must be tempered by the lack of details offered in some of these studies. In terms of methodologies, quantitative work based on surveys and databases dominate in JIBS and IBR, while the proportion of case-study or ethnography-based non-manufacturing focused empirical work published in JIM, JWB and MIR is higher. After controlling for journal bias, the heterogeneity of services still entails challenges when it comes to cataloguing these firms in databases.

From the quantitative part of the study, we can point to two overall, unresolved discussions that transcend the scholarly work on non-manufacturing firms and the internationalisation of services. First, the heterogeneity of the non-manufacturing sector is widely acknowledged. The huge variety creates doubt regarding the generalisability of results to different types of services, and even suggests that service and manufacturing are not necessarily different groups. Of the many typologies of services that exist, the ones used to explain internationalisation focus on output rather than organisational characteristics. Defining “service” is

a difficult task that is frequently skipped in the extant research. While opinions differ as to how and why the internationalisation of services differs (from manufacturing and each other), the most common approaches are typologies based on a variety of service (product) characteristics and typologies based on characteristics of the production process. However, of the papers that can make a direct contribution to our understanding of the non-manufacturing firm, only around 50% fully interpret the variables, thereby allowing for differentiation between manufacturing and non-manufacturing in their results and conclusions. On those occasions when a variable's performance is reported, it is almost always significant, but it is rarely discussed. The authors allow for differences between services and manufacturing, but leave this thorny question to future research. Most papers on service internationalisation conclude that services differ and make some general predictions about the nature of their internationalisation. The need to approach research using the umbrella term "service" while acknowledging that such an aggregate group does not, in fact, exist may explain why there is little published about non-manufacturing firms. The complexity of studying this sector combined with the risk that the results will be deemed too specific to be generalizable does not make for an inviting scenario.

Similarly, the debate over whether IB theories developed in the context of manufacturing are suitable for studying the internationalisation of services continues. On the one hand, the heterogeneity of approaches to internationalisation across service sectors underlines the need to develop new service-specific approaches, such as thinking of the firm as a set of cross-border activities (e.g., Jensen and Petersen 2013) or thinking of internationalisation as the internationalisation of delivery channels (e.g., Meyer et al. 2015). At the same time, the learning economy and the general nature of existing theoretical frameworks dictate that we should be able to extend insights derived from the context of manufacturing to service industries. Interestingly, evidence exists to support both ideas. The transaction cost approach (Brouthers and Brouthers 2003), the eclectic paradigm (Brouthers et al. 1996; Ekeledo and Sivakumar 1998) and internalisation theory are all unable to explain the internationalisation of some service firms, but they have all been used as a basis for frameworks in a service setting (Carvalho 2014; Javalgi et al. 2003). The same is true for the internationalisation process model, which is both confirmed (e.g., Cheung and Leung 2007) and contradicted (e.g., Bangara et al. 2012; Pogrebnayakov and Maitland 2011). Industrial network theory, resource-based theory and the linkages-

leverage-learning framework (Mathews 2006) have all been used to explain the internationalisation of non-manufacturing firms and to correct for the shortcomings of traditional IB approaches. We can conclude that the heterogeneity of the non-manufacturing sector requires flexible explanatory framing and a fit between theory and context.

In summary, this quantitative part of our review suggests that international business scholars still mainly focus on manufacturing firms despite the fact that the global economy is dominated by services. While space constraints do not afford us the luxury of providing a detailed explanation of what 15 years of publications reveal about non-manufacturing firms, we have identified two central and unresolved discussions that continue to challenge scholars in the field. We turn next to the thematic content analysis of our review, which complements the quantitative study and enables us to take stock of extant knowledge in the literature.

3.2 Content Analysis of Studies of Non-manufacturing and Service Internationalisation

As described above, we continued our review with a content analysis of a sample of papers focused on the internationalisation of services. The insights from our sample are grouped under the eight themes listed in Table 1 and analysed in the following subsections, where we extract key points from the academic literature and pave the way for a discussion of potential future research in section 4.

3.2.1 Technology as a Driver of Service Internationalisation

According to Buckley et al. (1992), technological advances and innovation offer little to the service sector in relation to developing competitive advantages owing to the free availability of the technologies involved in service production, the imitation risks and the lack of patent possibilities. However, recent developments clearly contradict this statement. Technology makes it possible to collect, generate, analyse and diffuse large quantities of information at a minimal cost. As such, it has a pervasive influence on the service sector (Bell et al. 2008; Castaño et al. 2016; Miozzo and Soete 2001). Although it is sometimes mentioned in relation to the Fourth Industrial Revolution, the role of technology (e.g., Internet, ICT) in the internationalisation and development of the service sector seems underexplored, while it is frequently mentioned as an important

antecedent of the increased international trade in services.

Technology enables standardisation and, thereby, scale for some services, making it profitable to serve new markets that might not otherwise be viable. It improves knowledge creation and facilitates information collection, management and analysis. Technology makes the idea of services as labour-intensive activities a thing of the past (Miozzo and Soete 2001). As a result, technology has important effects on the pace, speed and pattern of internationalisation, the structure of the service and manufacturing value chains (Cicic et al. 1999), and the trend of domestic and cross-border mergers and acquisitions within and across service sectors and between service and manufacturing firms. In addition, technology increases the linkages between goods and services as well as their interdependence.

The specialisation and knowledge intensity of services increases along with the tendency to outsource services to independent providers in order to increase productivity (Shearmur et al. 2015). Examples of this are software providers, cloud computing specialists and analytics experts. In other words, the structure of the service sector fluctuates due to technological change. For instance, supermarket chains are now able to serve as mobile operators and banks. One consequence of these fluctuations is that statistics on the trade of services are relatively meaningless, as highlighted by Miozzo and Soete (2001). For this paper, the pervasive effect of technology means that existing research on services needs to be examined carefully and judgement needs to be exercised before generalising it, as firms that fell into one service category five years ago may now belong in a different group. In summary, technology has a pervasive influence on the service landscape, as it changes the nature of services and, hence, the classifications upon which the extant research is based.

3.2.2 Drivers and Dynamics in the Internationalisation Process

Multiple factors have been related to the internationalisation of service firms. Some findings concern all aspects of internationalisation, while some refer to a specific element, such as patterns, locations or foreign-entry mode (FEM) choices. We first briefly explore the individual factors suggested as predictors before we examine how they come together to affect FEM, the pattern of internationalisation, location choices and the multinationality-performance relationship.

The nature of the service naturally affects the internationalisation process. Some research investigates the effects of concrete characteristics of the firm's activity (Meyer et al. 2015), while other research relies on a typology or industry classification. For example, uniqueness, high service and technology intensity are associated with high-control FEMs, while low differentiation is associated with independent entry modes (Brouthers et al. 1996). Similarly, more asset specificity decreases the likelihood of adopting shared-control modes. The relationship is reversed by capital intensity, and dependent on costs and the ability to integrate (Erramilli and Rao 1993). For hotels, the centrality of capabilities that cannot easily be imitated or transferred without a loss of value for the competitive advantage increases the likelihood of preferring management contracts over franchising, especially in relation to quality competence (Dev et al. 2002). Apart from the typologies of services based on characteristics, we find functional groups of services, such as business services and professional services. For example, business-service firms are highly internationalised and view internationalisation as a dominant strategic objective. They may even start to internationalise before they have enhanced their domestic presence (Roberts 1999).

The effect of firm size on the internationalisation process is unclear. For example, size may not necessarily correlate with the propensity to use high-control ownership modes (Contractor and Kundu 1998) and it may not have an impact on market selection (Erramilli 1991). Nevertheless, size is negatively associated with acquisitions, joint ventures and greenfield entries for hotel chains (Pla-Barber and Villar 2014). When size is taken as an indicator of resources, smaller, resource-constrained firms prefer low-control modes (Erramilli 1992). Some interaction effects have also been considered. Size and previous experience are associated with service FDI (Terpestra and Yu 1988). Larger and more experienced firms prefer integrated entry modes, while smaller and less experienced firms prefer independent modes (e.g., Brouthers and Brouthers 2003; Erramilli and Rao 1993; Carvalho 2014). In addition, whether production is located abroad or at home moderates the effects of firm size and resource availability (Erramilli 1992). Theoretically, firm characteristics, technology-intensity and asset specificity are among the factors that influence the effect of size on internationalisation.

The characteristics of the home market are another area of little agreement. The home market is

important for internationalisation outcomes, as it can be a source of learning, capital, reputation and networks (Edvardsson et al. 1993). There might be culture-specific differences in this respect. For example, Ström and Mattsson (2006) find that the entry-mode and location decisions made by most Japanese business-service firms are more influenced by their domestic networks than western firms. The home culture, especially with regard to trust, affects entry-mode choice (trust propensity is associated with collaborative FEM; Brouthers and Brouthers 2003) and host-country relationship building (Ström and Mattsson 2006). Finally, competitiveness at home is seen as a prerequisite for the international success of knowledge-intensive services (Edvardsson et al. 1993). However, research on emerging-market firms suggests that internationalisation can happen even in the absence of a domestic competitive advantage in order to access intangible resources abroad (branding, networks, knowledge) and develop firm-specific advantages in the *domestic* market (Boehe 2011, 2015).

The host market's size and institutional environment show similar discrepancies. Host-market size (measured in terms of GDP) positively affects service FDI (Terpestra and Yu 1988). High-control FEM and the propensity to integrate are positively associated with bigger, higher-potential markets (Carvalho 2014; Erramilli 1992). At the same time, host markets with high potential are most appropriate for FEMs based on contractual collaboration because the exploitation of technical, organisational and commercial knowledge is easier and adaptation costs are lower (Pla-Barber and Villar 2014). The latter finding might indicate that high-potential markets are more likely to have supportive institutional environments and a range of potential partners. The propensity to decrease control over international operations increases with the availability of partners in the host location (Erramilli 1992) and the availability of managerial talent (Dev et al. 2002). The host institutional environment (formal and informal) affects the internationalisation of service firms through cultural distance effects and regulation/political stability. For example, the propensity to choose low-commitment operations increases with ownership restrictions in the host environment (Erramilli 1992; Brouthers and Brouthers 2003). In the hotel industry, a risky host environment is counteracted by low-control FEM (Pla-Barber et al. 2014). However, more developed host markets have the same effect in this industry (Dev et al. 2002).

Psychic and cultural distance between home and host locations may limit the foreign expansion of

services to a greater degree than in manufacturing (Rugman and Verbeke 2008; Gulamhussen 2009). In fact, increasing cultural distance may not affect (Contractor and Kundu 1998; Erramilli and Rao 1993), or may increase (Erramilli et al. 2002) or reduce (Erramilli 1991) the level of control sought by firms. Interestingly, the contradictions in the extant research are always supported by theoretical explanations and frequently come from studies of the hotel industry. This may be due to the moderating/interaction effects on the distance variable. For instance, cultural distance influences the use of high-commitment modes due to the difficulty of transferring knowledge/organisational capabilities to third parties and the need to learn from local markets. Hence, in high-distance conditions, acquisitions, joint ventures and greenfield entries are chosen, and those entry modes do not change over time (Pla-Barber and Villar 2014). In low-distance conditions, only hotels with strong international experience choose such entry modes (Pla-Barber and Villar 2014). Low cultural distance (as part of the measure of locational advantage) is also associated with high-control modes for software companies (Brouthers et al. 1996). Distance is usually associated with uncertainty, which has been found to be a principal driver of market (Erramilli 1991) and FEM (Erramilli and D'Souza 1995) selection. One view is that *internal* uncertainty increases with cultural distance and causes firms to prefer non-FDI modes, while the effect of *external* uncertainty is the opposite (Erramilli and D'Souza 1995). More friction is introduced by findings indicating that in conditions of *environmental* uncertainty, service firms choose wholly-owned FEMs, while service firms preferred collaborative FEMs in conditions of high *behavioural* uncertainty (Brouthers and Brouthers 2003). *Uncertainty of demand* affects capital-intensive services. Consequently, their likelihood of using full-control FEM is lower so that they can retain the flexibility needed to respond to changes. The *uncertainty of behaviour* increases the likelihood that both capital-intensive services and knowledge-intensive services will select high-control modes due to marketing intensity for the former and tacit know-how for the latter (Sánchez-Peinado and Pla-Barber 2006).

Previous experience is another factor that may affect FEM decisions (Erramilli 1991) or be unrelated to internationalisation (Blomstermo et al. 2004). In support of the former line of enquiry, some findings suggest that the international growth strategies of service firms are influenced by prior international experience (Erramilli 1991; Kathuria et al. 2008). Other evidence shows that more knowledge leads to more aggressive

(Erramilli and Rao 1990) and resource-augmenting FEM choices (Pla-Barber and Villar 2014). With regards to market selection, a lack of prior experience is associated with a focus on markets similar to the home market (Cicic et al. 1999). Prior knowledge can come in various forms. Prior business knowledge appears to be of less significance for internationalisation (Blomstermo et al. 2004), while prior experience with acquisitions, joint ventures and greenfield entries increases the propensity to use lower-commitment modes to exploit non-location-bound, firm-specific advantages (Pla-Barber and Villar 2014). Other factors also interact with prior knowledge or experience. A longer history of domestic operations is associated with a greater *perceived* lack of internationalisation knowledge, but it allows firms to develop knowledge about market expansion that helps them when they internationalise (Blomstermo et al. 2004). Finally, when it comes to FEM decisions, the effect of prior experience becomes highly context specific. A U-shaped relationship exists between prior experience and the propensity to use integrated FEMs – both inexperienced and highly experienced firms prefer high-control modes (Erramilli 1991). Moreover, service firms with more region-specific experience prefer wholly-owned FEMs (Brouthers and Brouthers 2003; Erramilli 1991).

In sum, the wealth of material on the internationalisation of service firms offers excellent empirical data. However, it does not provide a clear conceptual basis for understanding the factors shaping the evolution of this type of internationalisation.

3.2.3 International Sourcing of Services

The international sourcing of services, including firm-internal offshoring and outsourcing to external partners, emerged as a topic of interest in the late 1990s. While the categories of services offshored have broadened in the last decade, the process is more complex and challenging than the offshoring of manufacturing activities. The distinctive features of services, such as the significant role of the client in the process, difficulties in standardizing intangible elements and quality variations, increase the difficulty of managing service offshoring, regardless of whether those services are offshored internally or externally (Jensen 2012; Myszkowska 2014). International service sourcing differs from product sourcing strategies in at least two ways (Murray and Kotabe 1999). First, asset specificity negatively affects internal sourcing. Second, there is a

positive relationship between the capital intensity of the activity and internal sourcing. Unique service characteristics, such as inseparability and demand uncertainty, are associated with the likelihood of sourcing externally.

There are conflicting views about international sourcing. Some studies find an inverse relationship between international sourcing and performance, while others contend that international sourcing offers more opportunities to learn than the manufacturing sector. Jensen (2012), for instance, finds that due to specific process features, offshore outsourcing may make a positive contribution to the resource stock of client firms outsourcing advanced services, although risks of “hollowing out” client firms’ capabilities exist.

Foreign firms and host countries mutually influence each other’s behaviour, resulting in certain adaptations of the host context to the specificities of IT services. R&D services are outsourced or offshored through different arrangements aimed at reducing costs and gaining access to external technological knowledge. This does not seem to be a general strategy, as some firms still maintain all of their R&D services in-house depending on their technological capabilities, formal institutional context and international strategy (Martinez-Noya and García-Canal 2011). A higher degree of technological sophistication is associated with a higher propensity to outsource or offshore R&D, but the ability to benefit from this is contingent on the formal institutional environment and, more concretely, on the intellectual property rights system (Martinez-Noya and García-Canal 2011). On the activity level, task characteristics (e.g., task interdependence, required physical presence, specific knowledge requirements), managerial intentionality (e.g., a top-down offshoring strategy or bottom-up experimentation), the capabilities of the global provider industry, the institutional configuration of the home country, industry competitive pressures and isomorphic forces among outsourcing firms condition the decision to offshore (Lewin and Volbreda 2011). The success of offshoring is determined by the ability to align integration with task characteristics and interdependence (Luo et al. 2012).

These studies highlight an opportunity to clarify the relationships among independent variables in international service operations, firm performance, learning and internationalisation decisions. In this regard, little extant research examines alliances, partnerships and collaborative operation modes or the specifics of their handling, although notable theoretical work has been published (Kedia and Lahiri 2007; Kedia and

Mukherjee 2009; Mudambi and Tallman 2010). Important aspects of strategic partnerships include the commitment of senior management, employee identification with the projects, the establishment of trust and transparency, and cross-cultural understanding and sensitivity (Søderberg et al. 2013). The cultural challenges associated with collaborative foreign-operation modes are bound to be exacerbated in conditions where knowledge plays a central role, as described in a study of a creative/knowledge industry (Ström and Ernkvist 2012).

3.2.4 Global Value Chains of Services

Services are a powerful driver of general economic prosperity and globalization, as they tie global value chains together (Bryson 2001; Jain et al. 2008; Myszkowska 2014). To develop an idea about the future of trade in services, one needs to consider not only gross trade in services but also the value added by services embedded in the trade of goods (typically one-third) as well as the source of that value (imported or domestic) (Miozzo and Soete 2001; Myszkowska 2014). When considering all ways of delivering services as well as the value added by services in the trade of goods, two main points stand out. First, the largest economies involved in the trade of services are also leaders in the trade of goods. Therefore, countries do need to focus on one or the other. Second, the idea that the offshoring of services has a negative impact on the growth of the service trade in mature economies is not, in fact, consistent with the data. Towards the end of the recent financial crisis (2011), 70% of the countries leading in world trade in commercial services reported a surplus (Martinez-Noya et al. 2012; Myszkowska 2014).

Much of the extant research does not take into account the fact that FDI is only one of many possible ways to trade in services (Ball et al. 2008). As we noted previously, international trade in services can be carried out through cross-border supply (object-embodied exports, distance servicing), consumption abroad, and presence abroad as a firm (FDI) or an individual. The servicing of international clients domestically is not considered international trade in services in the trade statistics, but it represents a way for firms to internationalise. Limited research exists on service delivery to overseas customers in domestic market sectors, such as tourism, education and healthcare (Bianchi and Drennan 2012). However, several studies of the higher-

education industry illustrate the inward internationalisation phenomenon from the perspectives of both customers and providers (e.g., Blagoeva-Hazarbasanova 2013).

Certain factors, such as domestic immigration policies, influence the success of inward internationalisation. Inward internationalisation asks the service provider to manage a customer journey, even though that provider only controls the interaction between the international customer and the provider's home-country environment. Another aspect of inward internationalisation relates to addressing the global customer. The globalization of demand has created a need for domestic firms to upgrade themselves in order to be able to respond to the expectations of modern customers.

On another note, Boehe (2011) posits that when firms' resources and capabilities prove insufficient for overcoming the liability of foreignness in overseas markets, firms can turn inwards and exploit the learning developed through their internationalisation domestically. Thus, their international networks can offer value and, thereby, help the firm overcome barriers to domestic expansion. Foreign expansion within the home triad region could be an option for service firms wishing to keep their internationalisation costs down and avoid some formal institutional challenges (e.g., the EU common market).

The pervasive role of the customer in services is underexplored in the context of service internationalisation, although theory about the role of the client firm in global value-chain governance also seems relevant for services (see Gereffi et al. 2005). The extant research suggests that this is not only a viable path of enquiry but also an interesting and promising one. The customer experience is crucial for successful internationalisation (expressed as more countries, longer survival and a larger scale of internationalisation). In B2B services, the relationship with the customer dictates many of the decisions related to internationalisation – from initiation to increases in resource commitments to foreign countries. Current customers are a source of cross-selling and, therefore, growth, so the scope of operations and the volume of existing international clients are the main reasons that B2B service firms increase their involvement (Cheung and Leung 2007). For B2C services, customer satisfaction is seen as a path to reputation building and, hence, growth in outward and inward internationalisation (Bianchi and Drennan 2012; Lam et al. 2004). In creative industries, customers co-create knowledge and participate in the design of services. As such, “a vibrant and interesting social

community is seen as a prerequisite for success” (Ström and Ernkvist 2012, p. 323). Studies of offshoring emphasize building and managing relationships with clients (Jensen 2009; Lewin and Volbreda 2011), as do some studies of professional and education services (Dou et al. 2010; Czinkota et al. 2009). Factors such as partnership quality, knowledge asymmetries, goal congruence, talent management and a global mindset interact to affect the performance of service providers (e.g. Kedia and Mukherjee 2009). In particular, a global mindset affects firm performance, both directly and indirectly, through partnership quality and talent management (Raman et al. 2013). On the other hand, relationships with clients are influenced by numerous external factors, such as the competitive environment and local contract law (Jensen and Petersen 2013).

3.2.5 The Role of Government in Outward and Inward Service Internationalisation

Regulation barriers are an important phenomenon in service internationalisation (European Commission 2014). Given the contemporary swing toward de-globalization (e.g. Witt 2019), they are likely to prevail. While not affected by customs tariffs and other taxes common in the trade of merchandise, the trade of services is affected by domestic regulations. Beneficial property rights and a supportive institutional context facilitate the internationalisation of some services. In some countries, like China, the regulative environment dictates the selection, initiation and progress of operations in the country (Cheung and Leung 2007). Therefore, research in this direction can advise national policies targeted at the development of the service sector. In order to attract services, potential host countries may tailor their legal systems, infrastructure and policies in a way that is specific to the service industry (e.g., Contractor and Mudambi 2008; Graf and Mudambi 2005).

Human capital is key for attracting service firms and it can be upgraded by investing in education (Jain et al. 2008). Services are inherently connected to the concept of the “learning economy” (Lundvall and Nielsen 2007). Their development depends on the ability of nations to learn rapidly by developing competences and upgrading them through learning-by-doing and through interactions. The unknowns are not only the kinds of education and infrastructure that are optimal for growing and attracting service firms but also the best combinations of government policies (European Commission 2014).

3.2.6 Internationalisation of Services in Emerging-market Firms

We could not claim to have undertaken a comprehensive literature review without considering the topic of emerging markets. The rapid increase in outward FDI by emerging-market firms is neither surprising nor new, but the number of papers focused on the service portion of that group remains limited (e.g., Boehe 2015; Bangara et al. 2012; Mathews 2006; Ström and Ernkvist 2012). The activities of emerging countries in the service trade have shifted towards exports of a wide variety of services to a large number of countries. In addition, the “developed countries” are no longer dominant among clients. However, there is a dissociation between trade in goods and trade in services that is not present for the leaders in the service trade (Myszkowska 2014).

The question of how internationalisation can occur without firm-specific advantages goes to the core of traditional IB explanations of internationalisation (Mathews 2006). In this respect, Hennart (2012) suggests that the special access to home-country advantages enjoyed by emerging-market firms also plays a role in the internationalisation of these firms. Research from the container-port and online-gaming industries suggests that emerging-market MNEs benefit from inward internationalisation and interregional diversification, which enable them to enlarge the span and increase the speed of their internationalisation (Satta et al. 2014; Ström and Ernkvist 2012).

Evidence from India highlights the importance of a global mindset from the beginning; proactive, legitimacy-seeking FDI strategies; network building and partnerships; accelerated internationalisation; and flexible selection of headquarters locations (Bangara et al. 2012). The focus on legitimacy is a big part of the internationalisation approach of service SMEs from emerging markets. The factors that contribute to legitimacy include endorsements, local funding and committed foreign-operation modes (Bangara et al. 2012).

Finally, the phenomenon of domestic-market-seeking internationalisation – FDI by resource-scarce service firms targeted at accessing intangible resources abroad (e.g., branding, networks, knowledge) in order to develop firm-specific advantages in the *domestic* market (Boehe 2011, 2015) – has emerged in the context of emerging-market service firms. This strategy may serve as a preliminary phase of internationalisation for firms with few resources. The development of firm-specific advantages in this way leads to an increase in

domestic clients and, thereby, access to other internationalisation strategies, such as the client-following strategy (Boehe 2015).

3.2.7 Human Resource Management in Service Internationalisation

At the firm level, human capital is frequently mentioned as critical (Contractor and Mudambi 2008; Lewin et al. 2009). Specific HRM strategies need be crafted to fit the nature of the firm's service offering, while the indigenous traditions of the location also need be taken into account. Satisfaction, productivity and quality of work are seen as contributors to firm profitability and organisational innovation in services (Mathews et al. 2012). HRM challenges for service firms include the high employee turnover in emerging markets such as India (Demirbag et al. 2012), the need to manage globally distributed teams, the need to find specialist talent with the right knowledge and competencies, the low-skilled nature of the work, the lack of well-developed HR systems and processes, the lack of work-life balance, and the need to deal with contract employment (Agrawal et al. 2012). Internal branding has been found to have a positive effect on both the firm's human capital and its differentiation in the market. The more brand-committed managers are, the easier it is for them to excel in internal brand building (Vallaster and Lindgreen 2013).

Finally, the managerial skills required by service firms are different due to their constantly changing portfolios and the adaptation of those portfolios to each new location (Nachum and Song 2011). Most research shows that the internationalisation of service firms is significantly influenced by the management/entrepreneurial team (e.g., Edvardson et al. 1993). Managerial characteristics are said to be associated with attitudes and perceptions of foreign sales and the external environment, which are determinants of the propensity to export as well as perceptions of the risk and difficulty of internationalising (Cicic et al. 1999).

3.2.8 Corporate Social Responsibility and the Internationalisation of Services

Our search produced a few papers that examine corporate social responsibility in international markets. Service firms seem to engage less in CSR than manufacturing firms (Kang et al. 2010; Li et al. 2010), but highly

competitive environments may force them into focusing on organisational sustainability (Weerawardena et al. 2010). The development of sustainable solutions, empowerment opportunities and social value creation have positive returns for service firms. For instance, social entrepreneurship projects in collaboration with NGOs facilitate service firms' access to and knowledge of pyramid markets (Ghauri et al. 2014). There are also dissimilarities across service sectors in terms of corruption. For instance, Lee et al. (2010) find that construction services are more similar to manufacturing sectors than to other service sectors in their tendency to resort to corruption.

4. Discussion and Future Research Directions

Although research on the internationalisation of services has increased, the resulting body of research still appears fragmented. One likely reason is the heterogeneity of service sectors and activities, which leads researchers to resort to single-industry studies or one of the numerous typologies. One basic aim for future research could be to define the object of study in such a way that insights from multiple studies are comparable and can be brought together to provide a more comprehensive understanding of service firms and their activities. Currently, trying to synthesise the insights from extant research feels like comparing apples to oranges. Some authors rely on industry classifications, but the industry boundaries also frequently seem confusing — in some cases, an argument is made for similarity between several industries, while an argument is made for distinction in other cases. Part of the challenge is the rapidly changing nature of services and service industries. Consider, for example, firms that develop mobile applications for portable devices (e.g., smartphones), which we label the “mobile applications industry”. Ten years ago, this industry was brand new. Today, it is an important driver of the global economy. How do we analyse such “moving targets” in academically rigorous ways, let alone gather and access data relevant for understanding these phenomena? In the reviewed papers, we found few definitions of services but many elements differentiating services from goods. The difficulty of finding a definition of “service” led us to take a step back and look for papers that ask what a service is *not*. The focus on the difference between services and goods still lingers despite evidence to suggest it is too simplistic to capture reality. The typologies seem to rely on descriptive characteristics that are

not stable enough in conditions of technological change. A dimension that can unify the different typologies and ensure that they speak a common language is missing.

Perhaps it is not necessary to define what service is – instead, maybe we can speak of activities and their combinations (Jensen and Petersen 2014). For instance, Lewin et al. (2009) study the determinants of firms' decisions to offshore innovation activities. Although they study the phenomenon from the offshoring firm's perspective, their insights on the characteristics of offshored activities (i.e., services) are relevant in a broader view. Very few of the service-typology frameworks have been applied to activities within the firm. There is great potential in this path of enquiry assuming that the nature of the activity ultimately governs firms' behaviours. The motivation and ability to benefit from internationalisation are often assumed to depend on the nature of the firm's offering (Blomstermo et al. 2004; Erramilli 1990; Hurmelinna-Laukkanen and Ritala 2012). While accepting extant classifications and characteristics of services, Rugman and Verbeke (2008) posit that manufacturing and service firms are not intrinsically different when considered through the prism of transaction costs. Instead, their differences seem to lie in the specific activities performed. These specificities determine the internationalisation of services. To study them, we need to look at the services value chain. In other words, although portions of the production process of service firms behave differently from Porter's classic value chain, this is not true for all types of services and all sections of the value chain (Jensen and Petersen 2014; Stabell and Fjeldstad 1998). One potential approach might be to explore existing typologies of services based on organisational characteristics. In these typologies (e.g. Lovelock 1983), the degree of routinisation (Wemmerlöv 1990) or the complexity and divergence of the service process (Shostack 1977) have been utilised as a part of the service taxonomy. Meyer et al. (2015) offer a model of service firm internationalisation based on uncertainty in the service transaction and the knowledge resources deployed in the face of that uncertainty.

The second major opportunity for future research lies in the conceptual development of frameworks applicable to the internationalisation of services. Peng et al. (2009) use institutions, industry conditions and firm capabilities as independent variables, and strategy as the dependent variable, so that strategic choices become a product not only of industry- and firm-level factors but also of the dynamic interaction of the firm

with the formal and informal constraints of a particular institutional framework (Peng 2002). Very few papers consider all three dimensions of Peng et al.'s (2009) strategy tripod. Therefore, there seems to be an opportunity for studies that adopt a more "holistic" view of service internationalisation. However, from a researcher's perspective, any attempt to address all three dimensions in a substantial way is challenging given the limited space available in a standard journal article. This reinforces our call for research that focuses on uncovering a stable dimension around which different service activities can be positioned. Many articles use industry variables as a context but do not, in a substantial way, analyse how the specific industry context influences the firm and the firm's (international) strategy. Furthermore, few studies try to apply a cross-industry perspective or make cross-industry comparisons, so the extent to which findings from a study in one industry context may be generalisable in a broader industry perspective is unclear. Therefore, one could argue that the industry factor is an underexplored topic due to the complexity in various subindustries, which are often dynamically changing. One investigative direction is to examine the salient "service" components that would underscore the generic categories of the strategy tripod framework (Peng et al. 2009) if it were to be applied to services research. How, if at all, would the boundaries of the underlying theoretical perspective (e.g., the resource-based view, the institutional view) have to be redrawn to accommodate the richness and heterogeneity of services? What would explain the rise of global investments in services, what could a paradigm that explains this look like, and what might its distinctive traits be?

A third promising avenue for future research would be to examine the strategic behaviour of emerging-market service firms on international markets and the changes that happen following entry into a foreign location. It would also be interesting to know whether there are performance differences among service firms that operate in certain areas of the world and have different countries of origin. In this respect, how do the risks of operating in institutional frameworks with volatile political, economic and legal domains (e.g. emerging markets) offset the potential gains of entering and operating in those markets?

Fourth, emerging industries are also underexplored in terms of internationalisation. Single service type or industry studies can be very useful in exploring relatively new services, such as digital services and e-commerce, as well as digitally-based firms. Scholars have long shown an interest in the changes that

digitization implies for our perception of what constitutes a service and in the revolutionizing effect of the digitization of services due to the creation of a new competitive landscape that is redefining and eroding the boundaries among software, hardware and services (e.g., Karmarkar 2004; Kenney and Pon 2011). From the relatively early days (i.e., the late 1990s) of digitally-based firms and business models, scholars have discussed the potential impacts of these changes on existing supply chains and business models. Research in this regard has examined the impact on the speed, ease, cost and frequency of communication (de la Torre and Moxon 2001), the expansion of relevant geographical markets and increased competition (Globerman et al. 2001), the reduced complexity and the removal of intermediary layers in the value chain, and the increased global market participation of firms from peripheral markets (Zaheer and Manrakhani 2001). The emergence of “platform firms” is of particular interest due to their potential consequences for society, industry configuration, labour markets and firms. While the phenomenon is still evolving, platform firms can be loosely defined as actors in industries that are organized around platforms through which multiple parties conduct transactions (e.g., Stallkamp and Schotter 2019). Over a short span of time, some of these platform firms have become household names, such as Facebook, Uber, Alibaba, Airbnb and eBay. The platform-based industries and markets differ from traditional markets because they are two-sided, meaning that platform firms must include both consumers and providers of services in order to succeed (Zhu and Iansiti 2012). From an organization perspective, platform firms can theoretically be traced back to Thompson’s (1967) notion of different “technologies” in firms – that is, the fundamental features that constitute the core of the firm. According to Thompson (1967), platform firms rely on “intermediate technologies”, such that the firm functions as an exchange and transaction mechanism between the demand and supply sides. Pre-digital examples of platform firms include telecommunications firms and banks (Stabell and Fjeldstad, 1998; Thompson, 1967).

In a recent essay, Kenney and Zysman (2016) point out that although the impact of digitally-based platform firms has yet to be fully understood, the consequences seem to be both societal and economic in nature. Moreover, these consequences concern labour markets as well as the configuration of present and future industries. Central questions relate to the creation and capturing of value, the control of the platform firm and related industries, and the relationship between employers and employees. According to Kenney and Zysman

(2016), the latter question may have a transformational impact on society, as it concerns the balance between entrepreneurial firms' needs for innovation and flexibility on the one hand, and the rights and social protection of employees on the other hand. Herein also lies a question of definition. For example, are Uber drivers risk-taking entrepreneurs who run their own small businesses or are they contractors deprived of workers' rights and social protection?

Some have argued that it is essential for platform firms to quickly achieve and exploit advantages of scale and scope in the internationalisation process (Jensen and Petersen 2014), which can lead to *de facto* monopolies and conflicts with competition policies. However, the wider consequences of platform firms are still largely unknown. These consequences depend not only on the technology but also on how societies, firms and consumers choose to use these firms' services (Kenney and Zysman 2016). An example in this respect is the Facebook-Cambridge Analytica debacle, and the use and abuse of individual user data. Such controversies have led to debates at the political level and among consumers about the different sides and consequences of platform firms. Moreover, from a theory perspective, important questions remain about how these firms approach internationalisation, and the extent to which established IB theories can explain their international strategies and behaviour (Hennart 2019; Stallkamp and Schotter 2019).

A fifth perspective would be to compare inter-firm partnerships to intra-firm relations in connection to firm performance. In this regard, one could investigate the configurations of external and internal factors in service firms and industries that contribute to superior performance. The most interesting insights about collaborative modes have been built on longitudinal research that studies relationship development over time from transactional to trust and long-term orientation (e.g., Søderberg et al. 2013). In this respect, it would be useful to find appropriate sources of data to carry out robust analyses of the challenges met in collaborative operation modes that include one or more service firms. A comparison of these situations with the extensive literature on this topic for manufacturing firms would be fruitful. Similarly, even though innovation in manufacturing and service firms depends on the same factors, human capital and customer participation play more important roles for the latter than institutionalised processes, such as R&D. The organisation of the innovation process in service firms is more experiential, incremental or imitative than scientific, and it spreads

across functions. Moreover, the protection of innovation is more difficult (Nieto and Rodriguez 2011). In our view, such findings raise broad questions regarding human resource management. For example, do employees in service firms require different forms of education and training? Do they need to be managed differently? These topics offer opportunities for qualitative research able to incorporate microfoundations, such as affective and cognitive processes, into the macro dynamics of service internationalisation (Abell et al. 2008).

Finally, the policy and business-practice angles are of particular importance given the lack of clear policy implications and recommendations in available empirical work. Even though policy studies have recently been undertaken (European Commission 2014), the literature offers countries little guidance on questions concerning public policy and the shaping of macroeconomic factors at the national and international levels to positively or negatively influence the internationalisation of services.

In Table 3, we condense these points into a number of challenges and opportunities for future research on the internationalisation of services, and we point to potential ways of addressing these issues in order to advance research in this field. While we list these points in the order in which they are presented above, the sequence mirrors our view on the priorities we should have as a research community, at least to some extent. In this regard, the first two points in Table 3 seem particularly important, as the problems concerning the definition of “services” and the lack of interdisciplinary perspectives have produced the currently fragmented field of research on services and service internationalisation.

*****INSERT TABLE 3 HERE*****

5. Conclusion

In this study, our objective was two-fold. First, we wished to take stock of scholarly work on the internationalisation of non-manufacturing sectors, especially research concerning service firms and services, published in selected IB journals. Our second aim was to highlight and discuss promising areas for additional IB research in this area. Overall, while we observe an increase in research publications from a quantitative perspective, that increase does not reflect the importance of the service sector in the global economy. In

addition, the field is fragmented and there are many underexplored questions.

Two key points emerge from our study. First, our findings suggest that the academic landscape on service internationalisation is not quite as “barren” (Merchant and Gaur 2008, p. 379) as it appeared in 2008. Second, and even more positively, there are still important opportunities to contribute to this line of enquiry by addressing the questions and gaps highlighted here. More conceptual work focused on developing robust theories that can accommodate the dynamic nature of service sectors and activities appears to be one way forward. In our review, few studies took on the tasks of defining services or examining service characteristics in detail. Therefore, a move away from the service/manufacturing dichotomy towards a more detailed analysis of what firms are and do appears to be an increasingly relevant way of understanding services and their internationalisation. Our review supports the need for this shift – it is time for closer examinations of how service activities and processes operate, and how theory can support and enlighten this field of research. Future research may revisit the robustness of extant definitions and classifications of industries through such a lens. Along with this re-evaluation of the service construct comes an important opportunity to study the influence of institutional, firm and industry factors on the internationalisation of services. At the macro-level, one public-policy and macroeconomic question emerging from the research reviewed here is the following: What kinds of education, infrastructure and combinations of government policies are optimal for growing and attracting service firms?

REFERENCES

- Abell P, Felin T & Foss N. (2008). Building micro-foundations for the routines, capabilities, and performance links. *Managerial and Decision Economics*, 29, 489–502.
- Agrawal, N. M., Khatri, N., & Srinivasan, R. (2012). Managing growth: Human resource management challenges facing the Indian software industry. *Journal of World Business*, 47(2), 159-166.
- Ball, D. A., Lindsay, V. J., & Rose, E. L. (2008). Rethinking the paradigm of service internationalisation: Less resource-intensive market entry modes for information-intensive soft services. *Management International Review*, 48(4), 413-431.
- Bangara, A., Freeman, S., & Schroder, W. (2012). Legitimacy and accelerated internationalisation: An Indian perspective. *Journal of World Business*, 47(4), 623-634.
- Beugelsdijk, S., McCann, P., & Mudambi, R. (2010). Introduction: Place, space and organization—economic geography and the multinational enterprise. *Journal of Economic Geography*, 10(4): 485–493.
- Bianchi, C., & Drennan, J. (2012). Drivers of satisfaction and dissatisfaction for overseas service customers: A critical incident technique approach. *Australasian Marketing Journal*, 20(1), 97-107.
- Blagoeva-Hazarbasanova, E. A. (2013). *The internationalisation of higher education in Europe*. Sofia: NBU.
- Blomstermo, A., Eriksson, K., & Sharma, D. D. (2004). Domestic activity and knowledge development in the internationalisation process of firms. *Journal of International Entrepreneurship*, 2(3), 239-258.
- Boehe, D. M. (2011). Exploiting the liability of foreignness: Why do service firms exploit foreign affiliate networks at home? *Journal of International Management*, 17(1), 15-29.
- Boehe, D. M. (2015). The internationalisation of service firms from emerging economies: An internalization perspective. *Long Range Planning*, 49(5), 559-569.
- Brouthers, K. D., & Brouthers L. E. (2003). Why service and manufacturing entry mode choices differ: The influence of transaction cost factors, risk and trust. *Journal of Management Studies*, 40(5), 1179-1204.
- Brouthers, K. D., Brouthers, L. E. & Werner, S. (1996). Dunning's eclectic theory and the smaller firm: The impact of ownership and locational advantages on the choice of entry-modes in the computer software industry. *International Business Review*, 5(4), 377-394.
- Bryson, J. R. (2001). Services and internationalisation: Annual report on the progress of research into service activities in Europe in 1998. *Service Industries Journal*, 21(1), 227-240.
- Buckley, P. J., & Ghauri, P. N. (2004). Globalisation, economic geography and the strategy of multinational enterprises. *Journal of International Business Studies*, 35(2), 81-98.
- Buckley, P. J., Pass, C. L., & Prescott, K. (1992). The internationalisation of service firms: A comparison with the manufacturing sector. *Scandinavian International Business Review*, 1(1), 39-56.

- Capar, N., & Kotabe, M. (2003). The relationship between international diversification and performance in service firms. *Journal of International Business Studies*, 34(4), 245–255.
- Carvalho, L. (2014). Internationalisation of service-oriented companies: Case study research into a hospitality group. *Tourism & Management Studies*, 10, 169–173.
- Castaño, M., Méndez, M., & Galindo, M. (2016). Innovation, internationalisation and business-growth expectations among entrepreneurs in the services sector. *Journal of Business Research*, 69(5), 1690-1695.
- Castellani, D., Meliciani, V., & Mirra, L. (2016). The determinants of inward foreign direct investment in business services across European regions. *Regional Studies*, 50(4), 671-691.
- Cheung, F. S. L., & Leung, W. F. (2007). International expansion of transnational advertising agencies in China: An assessment of the stages theory approach. *International Business Review*, 16(2), 251–268.
- Cicic, M., Patterson, P. G., & Shoham, A. (1999). A conceptual model of the internationalisation of services firms. *Journal of Global Marketing*, 12(October), 81–106.
- Contractor, F. J., & Mudambi, S. M. (2008). The influence of human capital investment on the exports of services and goods: an analysis of the top 25 services outsourcing countries. *Management International Review*, 48(4), 433-445
- Contractor, F. J., & Kundu S. K. (1998). Franchising versus company-run operations: Modal choice in the global hotel sector. *Journal of International Marketing*, 6(2), 28-53.
- Contractor, F. J., Kundu, S. K., & Hsu, C-C. (2003). A three-stage theory of international expansion: The link between multinationality and performance in the service sector. *Journal of International Business Studies*, 34(1), 5-18.
- Cuervo-Cazurra, A. (2012). Extending theory by analyzing developing country multinational companies: Solving the Goldilocks debate. *Global Strategy Journal*, 2(3), 153-167.
- Czinkota, M. R., Grossman, D. A., Javalgi, R. R. G., & Nugent, N. (2009). Foreign market entry mode of service firms: The case of US MBA programs. *Journal of World Business*, 44(3), 274-286.
- de la Torre, J., & Moxon, R. W. (2001). E-commerce and global business: The impact of the information and communication technology revolution on the conduct of international business. *Journal of International Business Studies*, 32(4): 617-640.
- Demirbag, M., Mellahi, K., Sahadev, S., & Elliston, J. (2012). Employee service abandonment in offshore operations: A case study of a US multinational in India. *Journal of World Business*, 47(2), 178-185.
- Dev, C. S., Erramilli, M. K., & Agarwal, S. (2002). Brands across borders: Determining factors in choosing franchising or management contracts for entering international markets. *Cornell Hotel and Restaurant Administration Quarterly*, 43(6), 91–104.

- Doloreux, D., & Shearmur, R. (2011). Collaboration, information and the geography of innovation in knowledge-intensive business services. *Journal of Economic Geography*, 12(1), 79-105.
- Dou, W., Li, H., Zhou, N., & Su, C. (2010). Exploring relationship satisfaction between global professional service firms and local clients in emerging markets. *Journal of International Business Studies*, 41(7), 1198-1217.
- Dunning, J. H. (1989a). Multinational enterprises and the growth of services: Some conceptual and theoretical issues. *The Service Industries Journal*, 9(1), 5–39.
- Dunning, J. H. (1989b). The study of international business: A plea for a more interdisciplinary approach. *Journal of International Business Studies*, 20(3), 411-436.
- Dyer, J. H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of inter-organizational competitive advantage. *Academy of Management Review*, 23, 660-679.
- Edvardsson, B., Edvinsson, L., & Nystrom, H. (1993). Internationalisation in service companies. *Service Industries Journal*, 13(1), 80-97.
- Ekeledo, I., & Sivakumar, K. (1998). Foreign market entry mode choice of service firms: A contingency perspective. *Journal of the Academy of Marketing Science*, 26(4), 274-292.
- Erramilli, M. K., Agarwal, S., & Dev, C. S. (2002). Choice between non-equity entry modes: An organizational capability perspective. *Journal of International Business Studies*, 33(2), 223–242.
- Erramilli, M. K., & D'Souza, D. E. (1995). Uncertainty and foreign direct investment: The role of moderators. *International Marketing Review*, 12(3), 47–60.
- Erramilli, M. K., & Rao, C. P. (1990). Choice of foreign market entry modes by service firms: Role of market knowledge. *Management International Review*, 30(2), 135-150.
- Erramilli, M. K., & Rao, C. P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *Journal of Marketing*, 57(July), 19-38.
- Erramilli, M. K. (1990). Entry mode choice in service industries, *International Marketing Review*, 7(5), 50-62.
- Erramilli, M. K. (1991). The experience factor in foreign market entry behavior of service firms. *Journal of International Business Studies*, 22(3), 479–501.
- Erramilli, M. K. (1992). Influence of some external and internal environmental factors on foreign market entry mode choice in service firms. *Journal of Business Research*, 25(4), 263–276.
- European Commission (2014). *High-level Group on Business Services – Final Report*. Brussels, European Commission.
- Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of International Political Economy*, 12, 78-104.

- Gershuny, J., & Miles, I. (1983). *The New Service Economy: The Transformation of Employment in Industrial Societies*. London: Pinter.
- Ghauri, P., Tasavori, M., & Zaefarian, R. (2014). Internationalisation of service firms through corporate social entrepreneurship and networking. *International Marketing Review*, 31(6), 576-600.
- Globerman, S., Roehl, T. W., & Standifird, S. (2001). Globalization and electronic commerce: Inferences from retail brokering. *Journal of International Business Studies*, 32(4): 749-768.
- Graf, M. & Mudambi, S. M. (2005). The outsourcing of IT-enabled business processes: A conceptual model of the location decision. *Journal of International Management*, 11, 253-268.
- Grant, R. G. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17, 109-122.
- Gulamhussen, A. P. M. A. (2009). A theoretical perspective on the location of banking FDI. *Management International Review*, 49(2), 163-178.
- Hennart, J-F. (2012). Emerging market multinationals and the theory of the multinational enterprise. *Global Strategy Journal*, 2(3), 168-187.
- Hennart, J-F. (2019). Digitalized service multinationals and international business theory. *Journal of International Business Studies*, 50, 1388-1400.
- Hurmelinna-Laukkanen, P., & Ritala, P. (2012). Appropriability as the driver of internationalisation of service-oriented firms. *Service Industries Journal*, 32(7), 1039-1056.
- Jain, N. K., Kundu, S. K., & Niederman, F. A. (2008). Offshoring propensity in information technology services: A firm and country level analysis. *Management International Review*, 48(4), 447-461.
- Javalgi, R. G., Griffith, D. A., & White, D. S. (2003). An empirical examination of factors influencing the internationalisation of service firms. *Journal of Services Marketing*, 17(2), 185–201.
- Jensen, P. D. Ø., & Petersen, B. (2013). Global sourcing of services: Risk, process, and collaborative architecture. *Global Strategy Journal*, 3(1), 67-87.
- Jensen, P. D. Ø., & Petersen, B. (2014). Value creation logics and internationalisation of service firms. *International Marketing Review*, 31(6), 557–575.
- Jensen, P. D. Ø. (2008). *Offshoring of advanced and high-value technical services: Antecedents, process dynamics and firm-level impacts*. PhD Series 23.2008. Frederiksberg: Copenhagen Business School.
- Jensen, P. D. Ø. (2009). A learning perspective on the offshoring of advanced services. *Journal of International Management*, 15(2), 181-193.
- Jensen, P. D. Ø. (2012). A passage to India: A dual case study of activities, processes and resources in offshore outsourcing of advanced services. *Journal of World Business*, 47(2), 311-326.

- Johanson, J., & Vahlne, J-E (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40, 1411-1431.
- Johnson, G., Melin, L., & Whittington, R. (2003). Micro strategy and strategizing: Towards an activity-based view. *Journal of Management Studies*, 40(1), 3–22.
- Jones, J., & Wren, C. (2016). Does service FDI locate differently to manufacturing FDI? A regional analysis for Great Britain. *Regional Studies*, 50(12), 1980-1994.
- Kang, Y., Ryu, M. H., & Kim, S. (2010). Exploring sustainability management for telecommunications services: A case study of two Korean companies. *Journal of World Business*, 45(4), 415-421.
- Karmarkar, U. (2004). Will you survive the services revolution? *Harvard Business Review*, 82, 100-107.
- Kathuria, R., Joshi, M. P., & Dellande, S. (2008). International growth strategies of service and manufacturing firms: The case of banking and chemical industries. *International Journal of Operations and Production Management*, 28(10), 968-990.
- Kedia, B. L., & Lahiri, S. (2007). International outsourcing of services: A partnership model. *Journal of International Management*, 13, 22-37.
- Kedia, B. L., & Mukherjee, D. (2009). Understanding offshoring: A research framework based on disintegration, location and externalization advantages. *Journal of World Business*, 44, 250-261.
- Kenney, M., & Pon, B. (2011). Structuring the smartphone industry: Is the mobile internet OS platform the key? *Journal of Industrial Competition and Trade*, 11, 239-261.
- Kenney, M., & Zysman, J. (2016). The rise of the platform economy. *Issues in Science and Technology*, Spring, 61-69.
- Lam, S. Y., Shankar V., & Erramilli, M. K. (2004). Customer value, satisfaction, loyalty, and switching costs: An illustration from a business-to-business service context. *Journal of the Academy of Marketing Science*, 32(3), 293–311.
- Lee, S. H., Oh, K., & Eden, L. (2010). Why do firms bribe? *Management International Review*, 50(6), 775-796.
- Lewin, A. Y., Massini, S., & Peeters, C. (2009). Why are companies offshoring innovation? The emerging global race for talent. *Journal of International Business Studies*, 40(6), 901-925.
- Lewin, A. Y., & Volberda, H. W. (2011). Co-evolution of global sourcing: The need to understand the underlying mechanisms of firm-decisions to offshore. *International Business Review*, 20(3), 241-251.
- Li, S., Fetscherin, M., Alon, I., Lattemann, C., & Yeh, K. (2010). Corporate social responsibility in emerging markets. *Management International Review*, 50(5), 635-654.
- Lommelen, T. & Matthyssens, P. (2015). The internationalisation process of service providers: A literature review. In K. de Ruyter, & P. Pauwels (Eds.), *Advances in International Marketing, Volume 15*, 95-117.

- Lovelock, C. H. (1983). Classifying services to gain strategic marketing insights. *Journal of Marketing*, 47(3), 9-20.
- Luo, Y., Wang, S., Zheng, Q., & Jayaraman, V. (2012). Task attributes and process integration in business process offshoring: A perspective of service providers from India and China. *Journal of International Business Studies*, 43(5), 498–524.
- Lundvall, B. A. & Nielsen, P. (2007). Knowledge management and innovation performance. *International Journal of Manpower*, 28(3/4), 207–223.
- Martínez-Noya, A. & García-Canal, E. (2011). Technological capabilities and the decision to outsource/outsource offshore R&D services. *International Business Review*, 20(3), 264-277.
- Martinez-Noya, A., Garcia-Canal, E., & Guillen, M. F. (2012). International R&D service outsourcing by technology-intensive firms: Whether and where? *Journal of International Management*, 18(1), 18-37.
- Mathews, J. S. (2006). Dragon multinationals: New players in 21st century globalization, *Asia Pacific Journal of Management*, 23, 5–27.
- Mathews, J., Ogbonna, E., & Harris, L. C. (2012). Culture, employee work outcomes and performance: An empirical analysis of Indian software firms. *Journal of World Business*, 47(2), 194-203.
- Merchant, H. & Gaur, A. (2008). Opening the ‘non-manufacturing’ envelope: The next big enterprise for international business research. *Management International Review*, 48(4), 379–396.
- Meyer, C. R., Skaggs, B. C., Nair, S., & Cohen, D. G. (2015). Customer interaction uncertainty, knowledge, and service firm internationalisation. *Journal of International Management*, 21(3), 249-259.
- Miozzo, M. & Soete, L. (2001). Internationalisation of services: A technological perspective. *Technological Forecasting and Social Change*, 67(2), 159-185.
- Mudambi, S. M. & Tallman, S. (2010). Make, buy or ally? Theoretical perspectives on knowledge process outsourcing through alliances. *Journal of Management Studies*, 47, 1434-1456.
- Murray, J. Y. & Kotabe, M. (1999). Sourcing strategies of US service companies: A modified transaction – cost analysis. *Strategic Management Journal*, 20, 791–809.
- Myszkowska, M. (2014). The importance of services trade in global economy. *Economics of the 21st Century*, 4(4), 28-45.
- Nachum, L. & Song, S. (2011). The MNE as a portfolio: Interdependencies in MNE growth trajectory. *Journal of International Business Studies*, 42(3), 381-405.
- Narayanan, V., Zane, L. J., & Kemmerer, B., (2011). The cognitive perspective in strategy: An integrative review. *Journal of Management* 37(1), 305–351.
- Nieto, M. J. & Rodríguez, A. (2011). Offshoring of R&D: Looking abroad to improve innovation performance. *Journal of International Business Studies*, 42(3), 345-361.

- Peng, M. W. (2002). Towards an institution-based view of business strategy. *Asia Pacific Journal of Management*, 19(2/3), 251–267.
- Peng, M. W., Sun, S. P., Pinkham, B., & Chen, H. (2009). The institution-based view as a third leg for a strategy tripod. *Academy of Management Perspectives*, 23(3), 63-81.
- Pla-Barber, J & Ghauri, P. N. (2012). Internationalisation of service industry firms: Understanding distinctive characteristics. *Service Industries Journal*, 32(7), 1007-1010.
- Pla-Barber, J., & Villar, C. (2014). Augmenting versus exploiting entry modes in soft services: Reconsidering the role of experiential knowledge. *International Marketing Review*, 31(6), 621-636.
- Pogrebnyakov, N. & Maitland, C. F. (2011). Institutional distance and the internationalisation process: The case of mobile operators. *Journal of International Management*, 17(1), 68-82.
- Raman, R., Chadee, D., Roxas, B., & Michailova, S. (2013). Effects of partnership quality, talent management, and global mindset on performance of offshore IT service providers in India. *Journal of International Management*, 19(4), 333-346.
- Roberts, J. (1999). The internalization of business service firms: A stage approach. *Service Industries Journal*, 19(4), 68-88.
- Rugman, A. M. & Verbeke A. (2008). A new perspective on the regional and global strategies of multinational service firms. *Management International Review*, 48, 397-411
- Satta, G., Parola, F., & Persico, L. (2014). Temporal and spatial constructs in service firms' internationalisation patterns: The determinants of the accelerated growth of emerging MNEs. *Journal of International Management*, 20(4), 421-435.
- Schmeisser, B. (2013). A systematic review of literature on offshoring of value chain activities. *Journal of International Management*, 19, 390-406.
- Shearmur, R., Doloreux, D., & Laperrière, A. (2015). Is the degree of internationalisation associated with the use of knowledge intensive services or with innovation? *International Business Review*, 24(3), 457-465.
- Shelp, R. K. (1981). *Beyond industrialization: Ascendancy of the global service economy*. New York NY: Praeger.
- Shostack, G. L. (1977). Breaking free from product marketing. *Journal of Marketing*, 41(2), 73-80.
- Søderberg, A. M., Krishna, S., & Bjørn, P. (2013). Global software development: Commitment, trust and cultural sensitivity in strategic partnerships. *Journal of International Management*, 19(4), 347-361.
- Stabell, C. B. & Fjeldstad, Ø. D. (1998). Configuring value for competitive advantage: On chains, shops, and networks. *Strategic Management Journal*, 19, 413-437.
- Stallkamp, M., & Schotter, A. P. J. (2019). Platforms without borders? The international strategies of digital platform firms. *Global Strategy Journal*, (in press, DOI: 10.1002/gsj.1336).

- Starbuck, W. H. (1992). Learning by knowledge-intensive firms. *Journal of Management Studies*, 29(6), 713-740.
- Ström, P., & Ernkvist, M. (2012). Internationalisation of the Korean online game industry: Exemplified through the case of NCsoft. *International Journal of Technology and Globalisation*, 6(4), 312–334.
- Ström, P., & Mattsson, J. (2006). Internationalisation of Japanese professional business service firms. *Service Industries Journal*, 26(3), 249–265.
- Terpestra, V., & Yu, C. M. (1988). Determinants of foreign investment of U.S. advertising agencies. *Journal of International Business Studies*, 19(1), 33-46.
- Thompson J. D. (1967). *Organization in action: Social science bases of administrative theory*. New York NY: McGraw-Hill.
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management*, 14, 207-228.
- UNCTAD (2012). *World investment report*. Geneva: UNCTAD.
- UNCTAD (2015). *World investment report*. Geneva: UNCTAD.
- Vallaster, C., & Lindgreen, A. (2013). The role of social interactions in building internal corporate brands: Implications for sustainability. *Journal of World Business*, 48(3), 297-310.
- Weerawardena, J., McDonald, R. E. & Mort, G. S. (2010). Sustainability of nonprofit organizations: An empirical investigation. *Journal of World Business*, 45(4), 346-356.
- Wemmerlöv, U. (1990). A taxonomy for service processes and its implications for system design. *International Journal of Service Industry Management*, 1(3), 20-40.
- World Bank (2019). <https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS>, accessed 18 December 2019.
- Witt, M. (2019). De-globalization: Theories, predictions, and opportunities for international business research. *Journal of International Business Studies*, 50, 1053-1077.
- Zaheer, S., & Manrakhan, S. (2001). Concentration and dispersion in global industries: Remote electronic access and the location of economic activities. *Journal of International Business Studies*, 32(4), 667-686.
- Zhu, F., & Iansiti, M. (2012). Entry into platform-based markets. *Strategic Management Journal*, 33, 88-106.

Appendix 1: List of Theoretical Themes Applied in the Content Analysis (Step 1)

Antecedents of internationalisation 1.1. Motives for internationalisation 1.2. Decision to internationalize, including influence of firm-specific factors, home/host country factors and network ties.
Internationalisation process 2.1. Choice of foreign-entry mode 2.2. Sequence of foreign-operation mode 2.3. Location choice 2.4. Effects of distance in geography, institutions and culture 2.5. Speed and onset of internationalisation 2.6. Scale and scope of internationalisation 2.7. Multinationality and performance 2.8. Role of emerging-market countries (as host or home country)
Service multinationals 3.1. International innovation and location of R&D 3.2. International marketing 3.3. International economic exposure (exchange-rate effects) 3.4. Structure of global value chains in services and international sourcing 3.5. Headquarters-subsidiary relationship 3.6. Managerial roles 3.7. Corporate social and environmental responsibilities 3.8. Service-specific factors (trust, role of customers)
Trade in services 4.1. Manufacturing-services relationship, including servitization of manufacturing processes 4.2. Forms of trade in services, including inward and outward internationalisation

Figure 1: Distribution of Studies by (sub)Categories

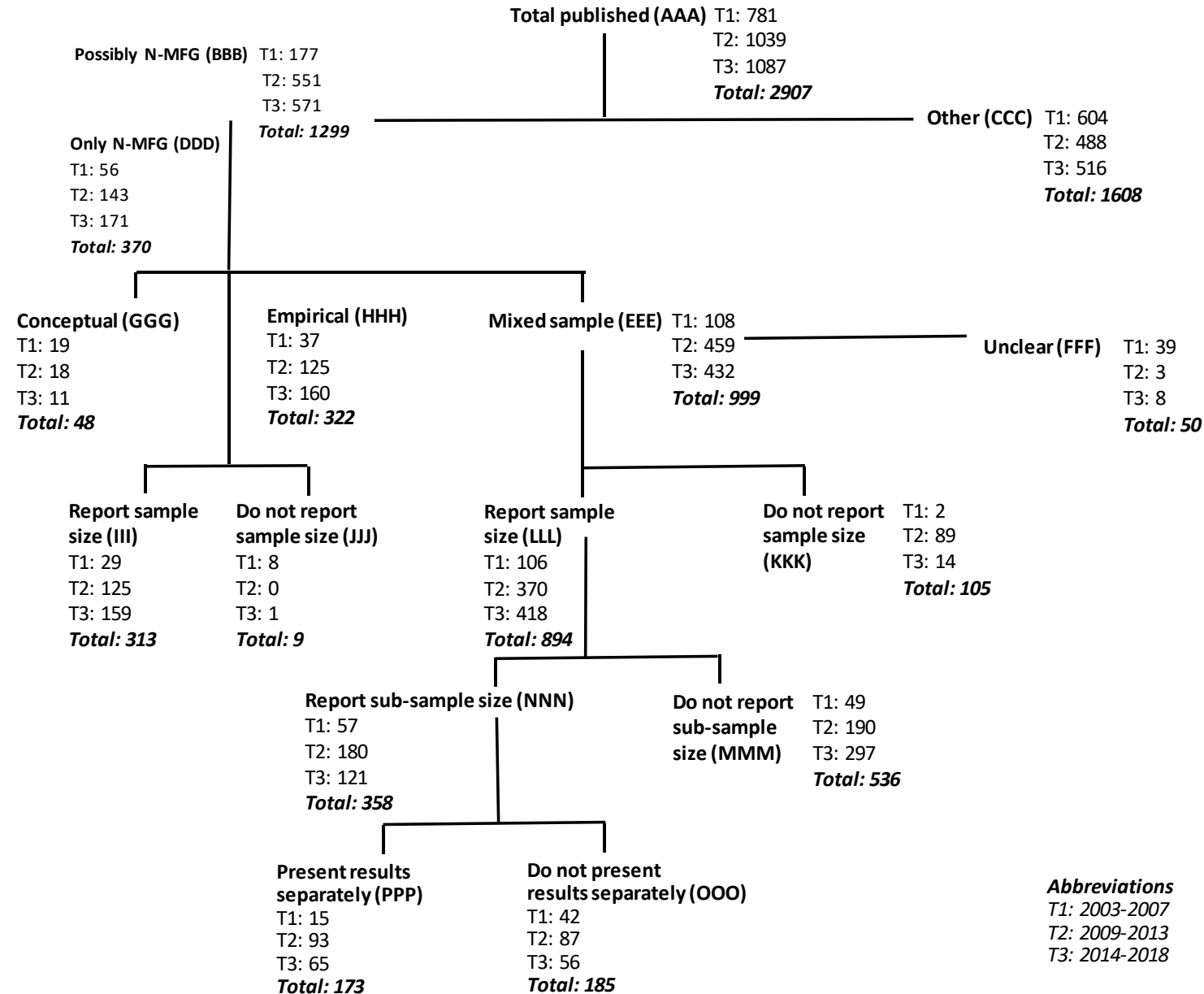


Table 1: Thematic Organization of Directions for Future Research on Services in International Business

Antecedents <ul style="list-style-type: none"> ▪ Technology as a driver of services internationalisation (3.2.1) ▪ Drivers and dynamics in the internationalisation process (3.2.2)
Structure and Process <ul style="list-style-type: none"> ▪ International sourcing of services (3.2.3) ▪ Global value chains of services (3.2.4) ▪ The role of government in outward and inward service internationalisation (3.2.5) ▪ Internationalisation of services in emerging-market firms (3.2.6)
Outcomes <ul style="list-style-type: none"> ▪ Human resource management in service internationalisation (3.2.7) ▪ Corporate social responsibility and internationalisation of services (3.2.8)

Table 2: Distribution of Studies with Research Contributions Concerning Non-manufacturing Firms

CONSERVATIVE / ONLY "DIRECT" CONTRIBUTION STUDIES (ROUND NUMBERS; PERCENTAGE OF TOTAL = 2907 STUDIES)							
Box GGG + Box HHH + Box PPP	Total	JIBS	MIR	JWB	TIBR	JIM	
T1 (2003-2007)	2%	0%	0%	0%	1%	1%	
T2 (2009-2013)	8%	2%	1%	2%	2%	1%	
T3 (2014-2018)	8%	2%	1%	2%	2%	1%	
Total	19%	4%	3%	4%	5%	3%	
LIBERAL / "DIRECT" AND "INDIRECT" CONTRIBUTION STUDIES (ROUND NUMBERS; PERCENTAGE OF TOTAL = 2907 STUDIES)							
(Box GGG + Box HHH + Box PPP) + (Box OOO)	Total	JIBS	MIR	JWB	TIBR	JIM	
T1 (2003-2007)	4%	1%	0%	1%	1%	1%	
T2 (2009-2013)	11%	3%	1%	3%	3%	2%	
T3 (2014-2018)	10%	2%	2%	2%	3%	1%	
Total	25%	6%	3%	6%	6%	4%	
LOOSE / "DIRECT" AND "INDIRECT" AND "REMOTE" CONTRIBUTION STUDIES (ROUND NUMBERS; PERCENTAGE OF TOTAL = 2907 STUDIES)							
(Box GGG + Box HHH + Box PPP) + (Box OOO) + (Box KKK + Box MMM)	Total	JIBS	MIR	JWB	TIBR	JIM	
T1 (2003-2007)	6%	1%	1%	1%	2%	1%	
T2 (2009-2013)	21%	5%	4%	6%	3%	2%	
T3 (2014-2018)	21%	5%	3%	6%	5%	2%	
Total	47%	11%	7%	13%	10%	6%	

Table 3: Future research – challenges, opportunities and potential resolutions

Challenges and opportunities in future research on internationalisation of services	Potential resolution	Academic foundation (examples listed chronologically)
1. Unclear construct definition and boundary conditions in the services domain.	Replace manufacturing/services distinction and adopt an activity-based research approach. The central unit of analysis is the specific activity and its features.	Thompson (1967) Stabell and Fjeldstad (1998) Johnson et al. (2003) Jensen and Petersen (2014)
2. Compartmentalization of academic literatures hinders a more comprehensive view of service internationalisation.	Develop research designs with interdisciplinary approaches to service internationalisation by incorporating different streams of literature (e.g., service management and production, international business, economic geography, institutional theory).	Dunning (1989a, 1989b) Buckley and Ghauri (2004) Peng et al. (2009) Beugelsdijk et al. (2010) Doloreux and Shearmur (2011)
3. Relevance and applicability of extant IB theory for the internationalisation of services in the emerging-market firm context remains unclear.	Include country-specific and institutional factors in analyses of emerging-market firms.	Mathews (2006) Cuervo-Cazurra (2012) Hennart (2012)
4. Need to identify appropriate theoretical frameworks to analyse new, emerging industries.	Assess the applicability of extant theories to the internationalisation of digitally-based, platform firms.	Stabell and Fjeldstad (1998) Jensen and Petersen (2014) Kenney and Zysman (2016) Hennart (2019) Stallkamp and Schotter (2019)
5. Role of external and internal factors affecting firm performance in service internationalisation unclear.	Adopt a nuanced view on the features of intra-firm modes compared with inter-firm, network and hybrid configurations of collaboration. Combined with a micro-foundations perspective, this may serve to shed new light on cognitive and behavioural factors.	Dyer and Singh (1998) Abell et al. (2008) Johanson and Vahlne (2009) Mudambi and Tallman (2011) Søderberg et al. (2013)
6. Relationship between public policy and outward and inward internationalisation of services needs clarification.	Investigate the interface among public-policy measures, entry barriers, and the cross-border connectivity of services and firms. Include the roles of educational policy, urban and regional development, mutual recognition of skills and professions, public procurement, and adoption of standards.	Doloreux and Shearmur (2011) European Commission (2014)