JOURNAL OF MODERN SOCIAL SCIENCES Volume 2 Issue 2 , 2025, 154-160
ISSN (P): 3078-4433 | ISSN (O): 3078-4441 Doi:10.71113/JMSS.v2i2.213

A Literature Review on Firm Internationalization: Theoretical and Conceptual Frameworks

Jiaying Huang[1*]

[1]Shanghai Jiguang Polytechnic College, China
**Corresponding author: jiayinghuang2025@outlook.com*

Abstract

This paper follows Andersen's distinction between theory and conceptual frameworks, classifying and reviewing firm internationalization studies based on their theoretical foundations. Through a systematic review of literature published in leading international business journals from 1960 to 2023, this study uniquely bridges the gap between economically oriented and process-oriented perspectives on internationalization. The paper explores the relationships among various conceptual frameworks of firm internationalization by examining their variables and conceptual structures, with particular emphasis on knowledge as a unifying construct. Unlike previous reviews that predominantly focus on either large multinational enterprises or SMEs, this paper constructs a comprehensive, integrative conceptual framework that accommodates diverse internationalization pathways. This framework facilitates theoretical dialogue and provides a foundation for future empirical research, particularly in the context of digital transformation and emerging market firms.

Keywords: Firm internationalization; Uppsala Model; Innovation-Related Model; International Entrepreneurship; Network Theory; Resource-Based View (RBV)

Suggested citation: Huang, J. (2025). A Literature Review on Firm Internationalization： Theoretical and Conceptual Frameworks. *Journal of Modern Social Sciences*, 2(2), 154–160. https://doi.org/10.71113/JMSS.v2i2.213

Theoretical Foundations of Firm Internationalization

Theory and conceptual frameworks are two distinct academic terminologies (Andersen, 1997). A theory is a set of systematically structured propositions related to a phenomenon that have been empirically tested, aiming to enhance scientific understanding and interpretation of that phenomenon. In contrast, a conceptual framework describes the logical relationships between empirically validated concepts, primarily outlining the relationships between independent and dependent variables as well as their interactions with moderating or mediating variables. While a conceptual framework does not meet the fundamental conditions of a theory, a single theory can be represented by multiple conceptual frameworks, and a conceptual framework can be based on multiple theories (Johanson & Vahlne, 1977).

Following Andersen's (1997) distinction between theory and conceptual frameworks, an analysis of existing studies on firm internationalization reveals that the theoretical foundations of internationalization research can be classified as theories, whereas most studies on firm internationalization take the form of conceptual frameworks, even though some claim to be theoretical studies.

Scholars have attempted to categorize firm internationalization studies based on different theoretical foundations. A representative classification is proposed by Mtigwe (2006), who argues that the theoretical foundations of firm internationalization research primarily derive from behavioral, decision-making, market, and trade theories, thereby categorizing these studies into three groups: market, firm, and entrepreneurship. Andersen (1997), on the other hand, classifies internationalization research into two categories: economic and process-based. Economic internationalization studies are grounded in mainstream economics, where decision-makers are considered rational economic agents with full market information, making optimal choices regarding firm internationalization. Process-based internationalization research, however, is rooted in organizational theory, portraying decision-makers as behavioral agents who make relatively satisfactory decisions based on incomplete information.

Considering the theoretical foundations of these classifications, Mtigwe's (2006) market and trade theories can be subsumed under economic theories, while behavioral and decision-making theories align with organizational theories. Thus, this paper endorses Andersen's (1997) classification, suggesting that existing studies grounded in international trade, transaction cost theory, and industrial organization belong to economic internationalization research, whereas studies based on organizational behavior theory, strategic management, resource-based theory, network theory, and entrepreneurship theory fall under process-based internationalization research.

Economic internationalization research originated in the 1950s, during which multinational enterprises (MNEs) became the primary focus of international business studies, replacing nation-states as the main unit of analysis (Buckley & Casson, 1976). This shift marked the emergence of modern international business theory. During this period, two seemingly parallel research approaches emerged: the international product life cycle theory (Vernon, 1966) and the theory of specific advantages in foreign direct investment (FDI) (Hymer, 1960). In reality, the international product life cycle model is rooted in international trade theory, while the specific advantage theory is based on industrial organization theory.

Subsequent developments in FDI theory led to the emergence of the internalization theory (Buckley & Casson, 1976), which is grounded in transaction cost economics, and the eclectic paradigm (Dunning, 1988), which integrates the advantages of ownership, location, and internalization.

Unlike the economic theory-driven research of the 1950s, firm internationalization studies have been increasingly influenced by organizational theories since the early 1970s. Within this framework, scholars have adopted various theoretical perspectives to propose multiple conceptual frameworks. These include:

- The Uppsala Internationalization Model (U-model), based on behavioral theory (Johanson & Vahlne, 1977).

- The Innovation-Related Internationalization Model (I-model), which links internationalization with innovation processes (Bilkey & Tesar, 1977).
- International Entrepreneurship Research, based on entrepreneurship theory (McDougall & Oviatt, 2000).
- The Network Approach to Internationalization, based on network theory (Johanson & Mattsson, 1988).
- Resource-Based Strategic Choice Approach to Internationalization, rooted in strategic management and resource-based theory (Barney, 1991).

These various theoretical foundations highlight the diversity and complexity of firm internationalization research. Given the multifaceted nature of internationalization, it is unsurprising that different approaches have emerged, each focusing on different aspects of the phenomenon, leading to a variety of conceptual frameworks.

Review of Conceptual Frameworks on Firm Internationalization

Methodology for Literature Selection

Before reviewing the major conceptual frameworks, it is important to outline the systematic approach used for literature selection in this review. The following search strategy was employed to ensure comprehensive and unbiased coverage of relevant literature:

- Databases: Business Source Complete, Web of Science, Scopus, and Google Scholar were used as primary search platforms.
- Keywords: Search terms included combinations of "internationalization," "international expansion," "market entry," "foreign direct investment," "export," "born global," "international new venture," "multinational enterprise," and "cross-border business."
- Inclusion criteria: (1) Peer-reviewed journal articles and scholarly books published between 1960 and 2023; (2) Studies focusing on firm-level internationalization processes; (3) Research providing theoretical contributions or conceptual frameworks.
- Exclusion criteria: (1) Studies focusing solely on international trade at the country level; (2) Papers without clear theoretical underpinnings; (3) Non-English publications.
- Quality assessment: Priority was given to publications in high-impact journals in international business, management, and entrepreneurship fields. Citation counts were used as a secondary indicator of scholarly impact.

This systematic approach resulted in a final selection of 127 key publications that form the basis of this review, ensuring a balanced representation of economic and process-based internationalization perspectives.

Review of Conceptual Frameworks

According to the chronological development of research frameworks, this section first reviews the conceptual frameworks of economic-based internationalization research. As the focal point of international business theory shifted from nations to firms, two interconnected conceptual frameworks emerged in the 1960s: the specific advantage theory (Hymer, 1960) and the international product life cycle theory (Vernon, 1966).

Vernon's international product life cycle theory explains the internationalization of firms based on the development of product technology. He argues that firms from technologically advanced countries initially manufacture and sell their products domestically while exporting to foreign markets. As technologies become standardized and production cost considerations grow, firms are incentivized to relocate production to lower-cost regions, thereby driving international expansion. This theory effectively describes the post-war outward investment of U.S. firms and helps explain shifts in trade patterns (Vernon, 1966).

In contrast, Hymer's specific advantage theory (Hymer, 1960) represents a pioneering effort to explain the foreign direct investment (FDI) decisions of firms. Rejecting the traditional assumption of perfect competition, Hymer proposed that market imperfections give rise to firm-specific advantages, which are essential for firms to overcome additional costs associated with operating in foreign markets. Later scholars extended this idea, leading to the development of the internalization theory (Buckley & Casson, 1976). According to this theory, firms internalize transactions to mitigate market imperfections, particularly in intermediate goods and technology markets, where transaction costs are high.

Dunning (1988) further refined these theories with the eclectic paradigm, integrating ownership, location, and internalization (OLI) advantages into a comprehensive model. His framework remains one of the most widely applied theories in FDI and multinational enterprise (MNE) research, providing theoretical foundations for explaining firm internationalization patterns.

Unlike the economic-oriented studies that mainly focused on large multinational corporations, internationalization research from the 1970s onwards began to incorporate small and medium-sized enterprises (SMEs). The emphasis gradually shifted from understanding the motivations behind international expansion to analyzing the dynamic process by which domestic firms become international. This shift gave rise to what is known as process-based internationalization theories, particularly the Uppsala Model (Johanson & Vahlne, 1977) and the Innovation-Related Internationalization Model (I-Model) (Bilkey & Tesar, 1977).

The Uppsala Model (U-Model) posits that firms internationalize gradually, increasing their commitment to foreign markets as they accumulate market-specific knowledge. This process involves reducing "psychic distance"—the perceived differences between home and foreign markets—through experiential learning and incremental decision-making (Johanson & Vahlne, 1977). Similarly, the Innovation-Related Internationalization Model (I-Model) shares the assumption that knowledge accumulation is a critical factor influencing internationalization. However, it differs in focusing on the role of organizational learning and managerial innovation in the firm's decision to expand internationally (Bilkey & Tesar, 1977).

By the 1990s, firm internationalization patterns began accelerating, challenging the assumptions of gradual internationalization models. Many firms exhibited "born-global" characteristics, internationalizing from inception rather than through a slow, incremental process (McDougall & Oviatt, 1994). To explain this phenomenon, scholars introduced the Network Approach to Internationalization (Johanson & Mattsson, 1988), which emphasizes that firms internationalize by leveraging inter-organizational networks and relationships rather than through stepwise market expansion.

The resource-based view (RBV) of strategic choice in internationalization further expanded the theoretical landscape, arguing that firms' internationalization strategies are shaped by their unique, difficult-to-imitate resources and capabilities (Barney, 1991). This perspective integrates elements of strategic management with international business, offering insights into how firms sustain competitive advantage in global markets.

The emergence of international entrepreneurship theory (McDougall & Oviatt, 2000) further broadened the scope of research by highlighting the role of entrepreneurial vision, risk-taking, and opportunity recognition in driving early internationalization. Unlike previous theories that treated internationalization as a firm-level strategic process, this approach places emphasis on the individual entrepreneur as the key actor in international expansion.

More recently, scholars have begun examining the impact of digital technologies on firm internationalization. Digital internationalization frameworks focus on how internet-based platforms, e-commerce, and digital business models enable firms to access global markets without significant physical presence (Coviello et al., 2017). This emerging perspective challenges

ISSN (P): 3078-4433 | ISSN (O): 3078-4441 Doi:10.71113/JMSS.v2i2.213

traditional assumptions about the sequence and pace of internationalization, suggesting that digital technologies can significantly compress or even eliminate certain stages of the internationalization process.

Evaluation of Conceptual Frameworks

Economic-based internationalization frameworks have long dominated the literature, primarily focusing on large multinational corporations (MNCs) and providing robust explanations for the motivations behind foreign direct investment (FDI). These frameworks have served as the theoretical foundation for corporate internationalization strategies. However, scholars have increasingly recognized their limitations:

- Lack of focus on the early internationalization process: Economic-based models predominantly analyze internationalized firms rather than firms in the process of internationalization. They offer limited insights into the dynamic transition from domestic to global markets (Morgan & Katsikeas, 1997).
- Predominantly static analyses: Except for the product life cycle model, most economic-based conceptual frameworks take a static approach, assessing firm internationalization at a specific moment rather than as a dynamic process. They tend to focus on firm behavior after internationalization rather than the preceding developmental stages (Vahlne & Nordstrom, 1993).
- Overreliance on rational decision-making assumptions: Economic-based models assume that firms make optimal choices based on complete information. In reality, firms often operate under uncertainty and may make suboptimal yet satisfactory decisions due to bounded rationality (Johanson & Vahlne, 1977).

In contrast, process-based internationalization frameworks aim to capture the dynamic nature of international expansion, making them particularly relevant for SMEs and entrepreneurial ventures. The stages models (e.g., Uppsala Model, I-Model) are especially applicable to firms with limited market knowledge and financial resources, guiding them through a stepwise internationalization process. However, process models also have limitations:

- Lack of strategic flexibility: The rigid stepwise process outlined by stage models may not reflect the reality of firms that internationalize through nonlinear or rapid expansion paths, such as "born-global" firms (McDougall & Oviatt, 1994).
- Fragmentation across different perspectives: Each process-based model emphasizes different aspects of internationalization. The Uppsala Model prioritizes market knowledge accumulation, the Network Approach highlights relational ties, the Resource-Based View (RBV) emphasizes core resources, and international entrepreneurship theory focuses on entrepreneurial actions. This diversity raises the question of which model is the most effective guide for firms.

A review of both economic and process-based internationalization theories reveals four key transformations in research focus:

- Shift in focus from large MNCs to SMEs and entrepreneurs: In the 1950s, firm internationalization research centered on large MNCs. By the 1970s, the focus expanded to SMEs, and since the 1990s, increasing attention has been placed on the role of entrepreneurs in the internationalization process (Mtigwe, 2006).
- The evolution of research content: Early internationalization studies primarily examined whether and how firms should internationalize. Contemporary research now includes topics such as global strategy, international strategic alliances, and organizational control mechanisms (Coombs et al., 2009).
- Theoretical integration: While early studies relied predominantly on economic theories, later research increasingly incorporated organizational theories and multi-theoretical approaches to improve explanatory power (Antončič & Hisrich, 2001).
- Diverse internationalization pathways: Whereas early theories emphasized a gradual expansion process, more recent research acknowledges that internationalization can be incremental, rapid, or even instantaneous ("born-global") (McDougall & Oviatt, 2000).

A Comprehensive Conceptual Framework for Firm Internationalization

Integrating Conceptual Frameworks of Firm Internationalization

The diversity and multiplicity of conceptual frameworks on firm internationalization reflect both the complexity and significance of this phenomenon. However, a closer examination reveals that scholars have primarily emphasized differences in research methodologies rather than their commonalities. This has hindered the construction of a more unified theoretical framework (Mtigwe, 2006). Therefore, this section first identifies commonalities among existing research frameworks and then constructs a comprehensive conceptual framework for firm internationalization, incorporating the emerging trend of theoretical integration.

A critical analysis of existing research reveals that knowledge serves as a fundamental linking variable across different conceptual frameworks. In process-based internationalization theories, both the Uppsala Model (U-Model) and the Innovation-Related Internationalization Model (I-Model) emphasize the role of knowledge accumulation and learning. In the U-Model, knowledge determines the firm's resource commitment to foreign markets, influencing its market entry mode and target market selection (Johanson & Vahlne, 1977). In the I-Model, knowledge is also recognized as a key driver of innovation and international expansion (Bilkey & Tesar, 1977).

Knowledge Types and Their Role in Internationalization

It is important to further refine the classification of knowledge in the internationalization context. Based on existing literature, we can categorize knowledge into several types that influence internationalization differently:

- Explicit vs. Tacit Knowledge: Explicit knowledge (codifiable information) can be easily transferred across organizational boundaries, while tacit knowledge (experience-based insights) is difficult to articulate and requires direct experience to acquire (Polanyi, 1966). Firms with stronger capabilities in transferring tacit knowledge internationally may achieve faster and more successful market penetration.
- Technical vs. Market Knowledge: Technical knowledge relates to product development and operational processes, while market knowledge encompasses understanding of consumer preferences, competitive dynamics, and distribution systems in foreign markets (Eriksson et al., 1997). Both types are critical, but market knowledge often represents a greater barrier to successful internationalization.
- Experiential vs. Objective Knowledge: Experiential knowledge is gained through direct involvement in international operations, while objective knowledge is acquired through standardized information sources (Johanson & Vahlne, 1977). Studies suggest that experiential knowledge has a more profound impact on reducing uncertainty in internationalization decisions.
- Institutional Knowledge: Understanding of formal and informal rules, norms, and cultural frameworks that govern business activities in foreign markets (Eriksson et al., 1997). This knowledge type is particularly important for firms entering markets with significant institutional distance from their home country.

In international entrepreneurship theory, knowledge is equally crucial. Born-global firms are often founded by entrepreneurs with

ISSN (P): 3078-4433 | ISSN (O): 3078-4441 Doi:10.71113/JMSS.v2i2.213

global vision, international experience, and prior market knowledge, which enables them to internationalize early and rapidly (McDougall & Oviatt, 1994). Moreover, in the Network Approach to Internationalization, firms accelerate internationalization by leveraging inter-organizational relationships, allowing them to access market knowledge and resources from network partners (Johanson & Mattsson, 1988). Similarly, in resource-based internationalization models, knowledge is considered a strategic resource that underpins a firm's competitive advantage (Barney, 1991).

Economic-based theories also emphasize the role of knowledge, though in different ways. For example, in the international product life cycle theory, technological knowledge is a firm's competitive advantage, driving the sequential relocation of production to foreign markets (Vernon, 1966). In Hymer's theory of firm-specific advantages, knowledge includes technological capabilities, market intelligence, and managerial expertise, which allow firms to offset the liabilities of foreignness (Hymer, 1960). Moreover, internalization theory is fundamentally based on the argument that firms internalize transactions when knowledge markets are imperfect, particularly in cases involving tacit or proprietary knowledge (Buckley & Casson, 1976). Finally, Dunning's eclectic paradigm incorporates knowledge as part of ownership-specific advantages, which include information asymmetries, managerial expertise, and proprietary technology (Dunning, 1988).

From this analysis, it is evident that knowledge is a key unifying factor across different conceptual frameworks of firm internationalization.

Another significant observation is that international entrepreneurship theory serves as a central nexus connecting different internationalization frameworks. As Mtigwe (2006) suggests, international business can be understood as a process by which firms pursue competitive advantage in imperfect markets by leveraging specialization, strategic protection, and entrepreneurial networks. In this sense, international entrepreneurship is not just a subset of internationalization research but a broader framework encompassing the core aspects of firm internationalization.

Three levels of analysis reinforce the centrality of international entrepreneurship:

- Entrepreneurial behavior as the foundation of internationalization: International entrepreneurship emphasizes risk-taking, opportunity recognition, and proactive market entry, which are essential components of all firm internationalization strategies.
- Entrepreneurship as the primary driver of internationalization: Entrepreneurs play a critical role in shaping firm internationalization strategies, making strategic decisions on market selection, entry modes, and international expansion pathways.
- Entrepreneurship as a missing element in existing frameworks: While economic and process-based theories focus on structural and organizational factors, they often overlook the role of entrepreneurs as agents of internationalization. By incorporating entrepreneurship, the internationalization process can be understood in a more comprehensive and dynamic manner.

A Comprehensive Conceptual Framework for Firm Internationalization

Based on the above analysis and following the integrative framework proposed by Mtigwe (2006) and Etemad et al. (2001), this paper constructs a comprehensive conceptual framework for firm internationalization. This framework integrates insights from multiple theoretical perspectives, emphasizing entrepreneurial, firm-level, and market-level factors that drive internationalization.

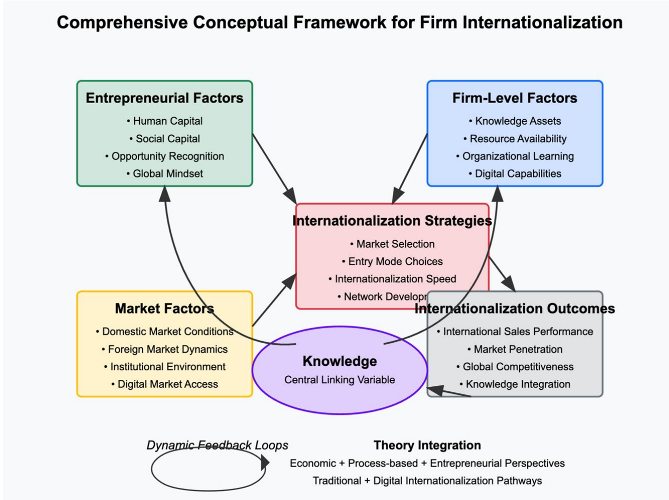

Figure 1. Key Components of the Framework

Entrepreneurial Factors

- Human capital: International experience, managerial knowledge, and global mindset are critical entrepreneurial attributes that influence internationalization decisions. Entrepreneurs with prior international exposure can more effectively identify and exploit cross-border opportunities, reducing perceived risks (Daily et al., 2000).
- Social capital: Professional networks and business relationships facilitate market entry by providing access to resources, knowledge, and legitimacy in foreign markets. The strength and diversity of an entrepreneur's social networks quantifiably impact internationalization speed and market selection (David & Lebmann, 2006).
- Opportunity recognition: The ability to identify and evaluate international opportunities represents a core entrepreneurial capability. Entrepreneurs with strong opportunity recognition skills can identify profitable market niches that others overlook (McDougall, 1989).
- Global mindset: Entrepreneurs with a global mindset perceive the world as their marketplace from inception, enabling them to pursue international opportunities regardless of resource constraints (Andersson, 2000).

Firm-Level Factors

- Knowledge assets: Firm-specific knowledge (including technological expertise, market intelligence, and operational know-how) serves as a foundation for international competitive advantage. Knowledge assets can be further categorized as: Explicit knowledge (codified information) , Tacit knowledge (embedded in organizational routines), Technical knowledge (product/operational expertise) , Market knowledge (customer/competitive insights)
- Firm size and resource availability: Financial resources, human capital, and organizational slack influence a firm's capacity to internationalize. While resource constraints can limit internationalization options for SMEs, they can also encourage innovative entry strategies (Westhead et al., 2002).
- Organizational learning and adaptability: The capacity to absorb new knowledge and adapt to foreign environments is critical for successful internationalization. Firms with strong learning capabilities exhibit greater resilience in unfamiliar markets (Eriksson et al., 1997).
- Digital capabilities: In the digital era, a firm's technological infrastructure and digital business models significantly influence its ability to access global markets. Digital capabilities can compress traditional internationalization stages and enable virtual market presence (Coviello et al., 2017).

ISSN (P): 3078-4433 | ISSN (O): 3078-4441 Doi:10.71113/JMSS.v2i2.213

Market and Environmental Factors

- Domestic market conditions: Factors such as market size, growth rate, and competitive intensity in the home market can either push firms to internationalize (e.g., small, saturated domestic markets) or delay international expansion (e.g., large, growing domestic markets).
- International market dynamics: Foreign market attractiveness, competitive landscape, and psychic distance influence market selection and entry mode decisions. Markets with lower psychic distance typically serve as initial entry points for less experienced firms (Johanson & Vahlne, 1993).
- Regulatory frameworks and institutional environments: Government policies, legal systems, and cultural norms shape the rules of the game in international markets. Institutional distance between home and host countries creates additional complexities that firms must navigate (Dunning, 1988).
- Industry structure: The degree of globalization within an industry influences firm internationalization patterns. Highly globalized industries exert stronger pressure on firms to expand internationally to remain competitive (Larrinaga, 2010).

Internationalization Strategies

- Market selection and entry mode choices: These represent the operational decisions through which internationalization is executed. Entry mode decisions range from low-commitment (export) to high-commitment (wholly-owned subsidiary) options, with firms typically increasing commitment as they gain experience (Johanson & Vahlne, 1977).
- Internationalization speed and expansion pathways: The pace and sequence of international market entry vary significantly across firms. Traditional models suggest gradual expansion, while international entrepreneurship perspectives recognize the possibility of rapid internationalization (McDougall et al., 1994).
- Product and service adaptation strategies: The degree to which firms standardize or adapt their offerings for international markets influences their global competitiveness. This decision is affected by industry characteristics, cultural distance, and the firm's strategic objectives (Dunning, 1988).
- Network development strategies: Building and leveraging relationship networks facilitates internationalization by providing access to resources, knowledge, and opportunities in foreign markets (Johanson & Mattsson, 1988).

Internationalization Outcomes

- International sales performance: Quantifiable metrics such as foreign sales ratio, international revenue growth, and geographical market diversification provide tangible indicators of internationalization success.
- Market penetration levels: The depth of market penetration (market share, customer base) in foreign markets indicates the effectiveness of internationalization strategies.
- Long-term global competitiveness: Sustainable competitive advantage in international markets represents the ultimate goal of internationalization. This includes the ability to defend market positions against global competitors and adapt to changing market conditions.
- Knowledge integration and organizational learning: The accumulation and integration of market knowledge represent critical intangible outcomes of internationalization, feeding back into the firm's knowledge base for future strategic decisions.

Dynamic Interactions and Feedback Loops

A critical feature of this comprehensive framework is the consideration of dynamic interactions between components. The relationship between entrepreneurial and firm/market factors is particularly important:

- Entrepreneurial-Firm Interaction: Entrepreneurial vision shapes organizational capabilities, while firm resources constrain or enable entrepreneurial ambitions. The impact of entrepreneurial social capital on internationalization speed can be quantified through network analysis metrics such as network size, diversity, and strength of ties (David & Lebmann, 2006).
- Firm-Market Interaction: Market conditions influence resource allocation decisions, while firm capabilities determine which markets are viable targets. Firms with strong digital capabilities can overcome traditional market entry barriers, enabling faster internationalization even with limited resources (Coviello et al., 2017).
- Knowledge Accumulation Dynamics: Knowledge serves as the central linking variable in the framework, with internationalization outcomes creating feedback loops that enhance the firm's knowledge base. This cyclical process explains how firms progressively reduce uncertainty in international operations (Eriksson et al., 1997).

The comprehensive framework proposed in this study incorporates feedback loops to account for the dynamic nature of internationalization. Internationalization outcomes influence firm strategy and resource allocation, which in turn shape future internationalization pathways. This recursive model acknowledges that internationalization is not a linear process but a continuous cycle of learning, adaptation, and strategic decision-making.

Unlike earlier frameworks that focused on either large multinational corporations (economic theories) or gradual internationalization processes (process theories), this model integrates both perspectives while incorporating entrepreneurial agency as a key driver of international expansion.

Boundary Conditions and Contextual Limitations

While the proposed framework aims to be comprehensive, it is important to acknowledge its boundary conditions:

- Firm Type and Size: The relative importance of framework components varies based on firm characteristics. For large MNCs, firm-level resources may dominate, while for SMEs, entrepreneurial factors may be more critical (Westhead et al., 2002).
- Industry Context: The framework may require adaptation for specific industry contexts. Knowledge-intensive industries may prioritize different factors than manufacturing or service sectors (Larrinaga, 2010).
- Geographical Context: The model may have varying applicability across different regional contexts. Emerging market firms, for instance, may face unique institutional constraints that alter internationalization pathways (Andersson, 2000).
- Non-Profit and Social Enterprises: The framework primarily addresses for-profit organizations. Additional considerations would be necessary for non-profit organizations or social enterprises with different strategic objectives.

Conclusion

This paper first reviewed the theoretical foundations of firm internationalization, categorizing existing research into economic-based and process-based approaches. Through a systematic literature review, we examined the conceptual frameworks that have shaped firm internationalization studies, highlighting their respective strengths and limitations. Finally, the paper proposed a comprehensive conceptual framework, integrating insights from international entrepreneurship, strategic management, resource-based theory, and network theory.

Three major contributions of this study are:

- Identifying knowledge as a key linking variable across internationalization frameworks: Knowledge plays a central role in economic, process, and entrepreneurship-based

internationalization theories. Our detailed classification of knowledge types (explicit/tacit, technical/market, experiential/objective, institutional) provides a unifying perspective on firm internationalization and establishes a foundation for more nuanced empirical investigations.
- Positioning international entrepreneurship theory as a bridge between different conceptual frameworks: By placing the entrepreneur at the core of the internationalization process, this study offers a more holistic and dynamic understanding of how firms expand internationally. This approach addresses a significant gap in existing literature, which has often underemphasized the role of entrepreneurial agency in internationalization decisions.
- Developing a comprehensive framework that accommodates digital internationalization: Our framework explicitly incorporates digital capabilities and market access as key variables, addressing an important limitation of traditional internationalization models that were developed before the digital revolution. This integration enables researchers to study both conventional and digital internationalization pathways within a unified theoretical framework.

Managerial Implications

Beyond its theoretical contributions, this study offers several practical implications for managers and policymakers:

- Knowledge Management Strategy: Managers should develop systematic approaches to acquiring, integrating, and leveraging different types of knowledge throughout the internationalization process. Particular attention should be paid to balancing experiential and objective knowledge sources.
- Entrepreneurial Capability Development: Organizations should cultivate entrepreneurial capabilities at multiple levels, not just among founders or top management. This includes fostering a global mindset, developing international networks, and enhancing opportunity recognition skills across the organization.
- Strategic Flexibility: Rather than following a predetermined internationalization pathway, firms should maintain strategic flexibility, adapting their approach based on market conditions, firm capabilities, and entrepreneurial vision. This may involve simultaneously pursuing different internationalization strategies in different markets.
- Balancing Knowledge Accumulation and Speed: Managers face important trade-offs between gradual knowledge accumulation and rapid market entry. Our framework suggests that these approaches are not mutually exclusive; firms can accelerate internationalization by leveraging external knowledge sources while developing internal knowledge capabilities.
- Digital Transformation: As digital technologies continue to transform internationalization pathways, firms should invest in digital capabilities that enable virtual market presence and reduce the resource requirements for international expansion.

Limitations and Future Research Directions

While this paper provides a comprehensive framework for understanding firm internationalization, several questions require further investigation:

- Variable Interactions: Are all proposed variables equally influential in internationalization decisions? How do their relative importance vary across different contexts? Future research should employ configurational approaches to identify effective combinations of factors that lead to successful internationalization outcomes.
- Dynamic Evolution: How do different variables interact dynamically over time? Longitudinal studies are needed to capture the temporal dimensions of internationalization processes and understand how firms adapt their strategies as they gain international experience.
- Measurement and Empirical Validation: How can we operationalize the proposed variables for empirical testing? Researchers should develop and validate measurement scales for key constructs in the framework, particularly for entrepreneurial factors and knowledge types.
- Digital Internationalization: How do digital platforms and technologies fundamentally alter internationalization patterns? Research is needed to understand how digital capabilities interact with traditional internationalization factors and potentially create new pathways to global markets.
- Contextual Variations: How does the framework apply across different industry, geographical, and institutional contexts? Comparative studies should examine internationalization patterns among firms from both developed and emerging economies, across diverse industry sectors, and in both traditional and digital contexts.
- Performance Implications: To what extent do internationalization performance outcomes shape future strategic choices? Research should explore how firms adapt their internationalization strategies based on performance feedback and how this creates path dependencies in internationalization trajectories.

Future research should also explore the application of this framework to emerging phenomena such as digital platform-based internationalization, service-sector internationalization, and the international expansion of social enterprises. Additionally, the rapid evolution of digital technologies suggests a need for continuous refinement of internationalization theories to capture new forms of international business activities.

In conclusion, this paper contributes to international business literature by proposing an integrative framework that accommodates diverse internationalization pathways while identifying knowledge as a central unifying construct. By bridging economic and process-based perspectives and incorporating entrepreneurial agency, the framework provides a more comprehensive understanding of firm internationalization in the contemporary global business environment.

Acknowledgments

The authors thank the editor and anonymous reviewers for their helpful comments and valuable suggestions.

Funding

Not applicable.

Institutional Review Board Statement

Not applicable.

Informed Consent Statement

Not applicable.

Data Availability Statement

The original contributions presented in the study are included in the article/supplementary material, further inquiries can be directed to the corresponding author.

Statements and Declarations

Statements and Declarations
No funding was received for conducting this study. The present study has no relevant financial or non-financial interests to disclose.

Publisher's Note

ISSN (P): 3078-4433 | ISSN (O): 3078-4441 Doi:10.71113/JMSS.v2i2.213

All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers. Any product that may be evaluated in this article, or claim that may be made by its manufacturer, is not guaranteed or endorsed by the publisher.

Author Contributions

Not applicable.

About the Authors

Jiaying Huang
Shanghai Jiguang Polytechnic College, China

References

[1] Andersen, O. (1997). Internationalization and market entry mode: A review of theories and conceptual frameworks. Management International Review, 37, 27–42.
[2] Andersson, S. (2000). The internationalization of the firm from an entrepreneurial perspective. International Studies of Management and Organization, 30(1), 63–92.
[3] Antončič, B., & Hisrich, R. D. (2001). An integrative conceptual model. Journal of Euromarketing, 9(2), 17–35.
[4] Barney, J. B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120.
[5] Bilkey, W. J., & Tesar, G. (1977). The export behavior of smaller-sized Wisconsin manufacturing firms. Journal of International Business Studies, 8(1), 93–98.
[6] Buckley, P. J., & Casson, M. (1976). The future of the multinational enterprise. London: Macmillan.
[7] Coombs, J. E., Sadrieh, F., & Annavarjula, A. M. (2009). Two decades of international entrepreneurship research: What have we learned—where do we go from here? International Journal of Entrepreneurship, 13, 23–64.
[8] Daily, C. M., Certo, S. T., & Dalton, D. R. (2000). International experience in the executive suite: The path to prosperity? Strategic Management Journal, 21(4), 515–523.
[9] David, B., & Lebmann, E. (2006). Entrepreneurial access and absorption of knowledge spillover: Strategic board and managerial composition for competitive advantage. Journal of Small Business Management, 44(2), 155–166.
[10] Dunning, J. H. (1988). The eclectic paradigm of international production: A restatement and some possible extensions. Journal of International Business Studies, 19(1), 1–31.
[11] Eriksson, K., Johanson, J., Majkgård, A., & Sharma, D. D. (1997). Experiential knowledge and cost in the internationalization process. Journal of International Business Studies, 28(2), 337–360.
[12] Hymer, S. (1960). The international operations of national firms: A study of direct foreign investment (Doctoral dissertation). Massachusetts Institute of Technology.
[13] Johanson, J., & Mattsson, L. G. (1988). Internationalization in industrial systems: A network approach. In N. Hood & J. E. Vahlne (Eds.), Strategies for global competition (pp. 287–314). London: Croom Helm.
[14] Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreign markets commitments. Journal of International Business Studies, 8(1), 23–32.
[15] Johanson, J., & Vahlne, J. E. (1993). The mechanism of internationalization. International Marketing Review, 7(4), 11–24.
[16] Larrinaga, O. (2010). The dodecagon of internationalization: A theoretical integration model. European Research Studies, 13(1), 3–24.
[17] McDougall, P. P. (1989). International versus domestic entrepreneurship: New venture strategic behavior and industry structure. Journal of Business Venturing, 4(6), 387–400.
[18] McDougall, P. P., Shane, S., & Oviatt, B. M. (1994). Explaining the formation of international new ventures: The limits of theories from international business research. Journal of Business Venturing, 9(6), 469–487.
[19] McDougall, P. P., & Oviatt, B. M. (2000). International entrepreneurship: The intersection of two research paths. Academy of Management Journal, 43(5), 902–906.
[20] Morgan, R. E., & Katsikeas, C. S. (1997). Theories of international trade, foreign direct investment and firm internationalization: A critique. Management Decision, 35(1), 68–78.
[21] Mtigwe, B. (2006). Theoretical milestones in international business: The journey to international entrepreneurship theory. Journal of International Entrepreneurship, 4(1), 5–25.
[22] Vahlne, J. E., & Nordstrom, K. (1993). The internationalization process: Impact of competition and experience. The International Trade Journal, 7(5), 529–548.
[23] Vernon, R. (1966). International investment and international trade in the product cycle. Quarterly Journal of Economics, 80(2), 190–207.
[24] Westhead, P., Binks, M., Ucbasaran, D., & Wright, M. (2002). Internationalization of SMEs: A research note. Journal of Small Business and Enterprise Development, 9(1), 38–48.