

## Resumen del artículo

### Internationalization: An Analysis of 26 Definitions

### Internacionalización: un análisis de 26 definiciones

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#### Abstract

Many definitions of the term “internationalization” exist. This article analyzes 26 definitions found in the literature and identifies four key dimensions of this process: (1) the Uppsala model (UM); (2) the eclectic paradigm (EP); (3) depth; and (4) breadth. A qualitative technique of content analysis was applied to analyze the 26 definitions found. Our results suggest that depth is the dimension most often mentioned (20), followed by UM and EP (16), and breadth (12). Only two definitions included all four dimensions. The article affirms that internationalization is a complex phenomenon that has been addressed through various approaches, but without arriving at any unique definition or consensus.

#### Keywords:

internationalization, international business, depth, breadth, Eclectic Paradigm, Uppsala Model.

#### Resumen

Existen varias definiciones relacionadas al término “internacionalización”. Este artículo analiza 26 definiciones identificadas en la literatura. Fueron identificadas cuatro dimensiones de internacionalización: 1) Modelo de Uppsala (UM); 2) Paradigma ecléctico (EP); 3) profundidad, y 4) amplitud.



**Palabras clave:**

internacionalización,  
comercio internacional,  
profundidad, amplitud,  
paradigma ecléctico, modelo  
de Uppsala.

Se aplicó una técnica cualitativa de análisis de contenido y fue utilizada para analizar 26 definiciones de internacionalización. Los principales resultados sugieren que la “profundidad” es la dimensión más frecuente (20), seguida por “UM” y “EP” (16), y “amplitud” (12). Únicamente dos definiciones incluidas obtuvieron las cuatro dimensiones. Este artículo concluye que la internacionalización es un fenómeno complicado con varios enfoques y, por ello, es complicado determinar una única definición.

## Introduction

The purpose of this paper is to analyze definitions related to the term “internationalization.” Despite their relationships, the examined literature does not include studies on international business (IB) and internationalization. It is important to point out that internationalization in companies is not a new phenomenon. In Latin America, for example, there are Argentinian company records from Uruguay dating from the end of the 19th century.<sup>1</sup> Considering this long standing phenomenon of internationalization, it is impossible to provide a single definition. Therefore, the literature related to IB will offer countless definitions.<sup>2</sup>

Within the IB literature, there are three major schools on the phenomenon of internationalization. The first relates to the cost of internationalization.<sup>3</sup> The second is focused on organizational studies related to “liability of foreignness” and its generated problems.<sup>4</sup> Finally, the school of strategic management focuses on problems related to controlling operations in different geographical areas.<sup>5</sup>

Several papers were reviewed to collect and identify definitions on internationalization. Review of the literature found four dimensions to analyze these definitions: 1) UM;<sup>6</sup> 2) EP;<sup>7</sup> 3) breadth; and 4) depth.<sup>8</sup> Subsequently, a qualitative content analysis technique was applied to extract information from the text.<sup>9</sup>

This article compares several definitions of internationalization. It compares their differences and similarities to understand its phenomenon. This research is important because it attempts to delimit the scope of internationalization as a strategy, process, and phenomenon.

First, this article presents a literature review on the main theoretical approaches to internationalization and its dimensions. Second, the article

- 1 Andrea Goldstein, *Multinational Companies from Emerging Economies: Composition, Conceptualization and Direction in the Global Economy* (United Kingdom: Palgrave Macmillan, 2009), 237.
- 2 Najah Attig, Narjess Boubakri, and Sadok El Ghouli, “Firm internationalization and corporate social responsibility”, *Journal of Business Ethics* 134 (2016): 172; Andres Velez-Calle, Fernando Sanchez-Henriquez, and Farok Contractor, “Internationalization and performance: The role of depth and breadth”, *Academia Revista Latinoamericana de Administración* 31.1 (2018): 92.
- 3 Stephen Hymer, *The international operations of national firms: A study of direct investment* (Cambridge, MA: MIT Press, 1976), 124
- 4 Deepak Sethi and Stephen Guisinger, “Liability of foreignness to competitive advantage: How multinationals enterprises cope with the international business environment”, *Journal of International Management* 8.3 (2002): 230; Srilata Zaheer, “Overcoming the liability of foreignness”, *Academy of Management Journal* 38.2 (1995): 350.

- 5 Nejat Capar and Masaaki Kotabe, "The relationship between international diversification and performance in service firms", *Journal of International Business Studies* 34 (2003): 346; Stephen Tallman and Jiatao Li, "Effects of international diversity and product diversity on the performance of multinational firms", *Academy of Management Journal* 39.1 (1996): 184.
- 6 Jan Johanson and Jan Erik Vahlne, "The internationalization process of the firms: A model of knowledge development and increasing foreign market commitments", *Journal of International Business Studies* 8.1 (1977): 23; Jan Johanson and Jan Erik Vahlne, "The Uppsala internationalization process model revisited: From liability of foreigners to liability of outsidership", *Journal of International Business Studies* 40 (2009): 1411.
- 7 John H. Dunning, "Toward an eclectic theory of international production: Some empirical tests", *Journal of International Business Studies* 11.1 (1980): 9-31; John H. Dunning, *International production and the multinational enterprise* (London: Allen and Unwin, 1981), 34.
- 8 Farok Contractor, Sumit Kundu, and Chin-Chu Hsu, "A three-stage theory of international expansion: The link between multinationality and performance in the service sector", *Journal of International Business Studies* 34 (2003): 11; Velez-Calle, Sanchez-Henriquez, and Contractor, "Internationalization and performance...", 93.

develops a method to analyze the definitions. Third, the article analyzes the results from the content analysis. Finally, the conclusions are presented.

## Literature Review

The internationalization is an important phenomenon in IB. Companies that operate outside their local markets have been related to a better business performance. More recent studies on internationalization occurred in the 1960s and 1970s.<sup>10</sup> IB literature has identified several theoretical approaches to understand why companies allocate resources to operate outside of their countries of origin.

The first approach, the Uppsala Model (UM), was proposed by Johanson and Vahlne.<sup>11</sup> The UM focuses on the gradual acquisition, integration, and use of knowledge related to foreign markets and their operations, as well as the continued commitment of companies to get involved in these markets.<sup>12</sup> UM also is a process and operates at the level of the individual company in a micro-level.<sup>13</sup> The UM, which belongs to a group of models based on behavioral theories, divides internationalization into stages.<sup>14</sup> According to the UM, a company faces four stages of involvement. This is determined by the company's commitment and market knowledge.

The second approach, proposed by Dunning,<sup>15</sup> is the Eclectic Paradigm (EP). This approach stems from transaction costs and theories of a firm's market power.<sup>16</sup> The EP explains internationalization using the foreign direct investment (FDI). In this approach, companies seeking to internationalize must focus on three advantages: 1) ownership; 2) location, and 3) internalization.<sup>17</sup>

The third and fourth approaches are based on more recent elements of internationalization.<sup>18</sup> The third approach, which is based on the depth of internationalization, is the degree to which internationalization occurs outside the country. Depth is measured by financial indicators, including foreign vs. total sales, foreign vs. total assets, and employees in foreign locations. This measure specifically refers to the degree that a firm commit

resources to go abroad, and also reflects the number of assets deployed abroad,<sup>19</sup> these measure shows which is the commitment of resources in order to achieve a successful internationalization.

Some studies have addressed the depth as internationalization measure.<sup>20</sup> The importance of these studies is centered in measure the relevance and magnitude of depth to explaining the internationalization.

The fourth approach is the breadth. This refers to the number and/or dispersion of offices, branches, and plants located abroad.<sup>21</sup> This approach is relate to the geographical expansion of the companies, and is one of the first ideas that refers to internationalization.<sup>22</sup> Moreover, breadth has four scales: domestic, regional, trans- regional and global,<sup>23</sup> these scales clarify the idea of breadth in internationalization.

## Method

To collect information, the author first performed a literature review of papers with the term “internationalization” in the title. For this research only was considered “internationalization” related to business companies, excluding organizations such as: schools and universities due to the specific interest in business. This was because our focus is study the “internationalization” of an international business approach. More than 100 papers were identified using Google Scholar. The definitions of internationalization were extracted from each paper. However, definitions were not found in all the papers. Twenty-six definitions were identified, published between 1973 and 2018 (see Appendix 1).

There were two distinct situations during the collection. First, the terms “degree of internationalization,” “multinationality,” “international diversification,” and “international expansion” were excluded.<sup>24</sup> “Degree of internationalization” is an implication of internationalization. It is, therefore, an incomplete term for this article’s analysis. The last three terms are associated with the breadth of internationalization. Their reference to size implies that internationalization means more than operating several offices or companies abroad.

- 9 Ajai Gaur and Mukesh Kumar, “A systematic approach to conducting review studies: An assessment of content analysis in 25 years of IB research”, *Journal of World Business* 53.2 (2018): 284.
- 10 Harry G. Barkema and Rian Drogendijk, “Internationalising in small, incremental or larger steps”, *Journal of International Business Studies* 38 (2007): 2.
- 11 Johanson and Vahlne, “The internationalization process...”, 23.
- 12 Paloma Almodovar and Alan Rugman, “Testing the revisited Uppsala model: Does insidership improve international performance”, *International Marketing Review* 32.6 (2015): 690; Otto Andersen, “On internationalization process of firms: A critical analysis”, *Journal of International Business Studies* (Second Quarter, 1993): 210; Johanson and Vahlne, “The Uppsala internationalization process...”, 94.
- 13 Jan-Erik Vahlne and Jan Johanson, “From internationalization to evolution: The Uppsala model at 40 years”, *Journal of International Business Studies* 48 (2017): 1089.
- 14 Lea Kubickova, “Limits of the Uppsala model application in the internationalization process of Czech SMEs”, *European International Journal of Science and Technology* 2.9 (2013): 247.
- 15 Dunning, “Toward an eclectic theory...”, 10.

- 16 John Cantwell and Rajneesh Narula, "The eclectic paradigm in the global economy", *International Journal of the Economics of Business* 8.2 (2001): 160.
- 17 Victor Danciu, "Models for internationalization of the business: A diversity based approach", *Management & Marketing* 7.1 (2012): 35.
- 18 Contractor, Kundu, and Hsu, "A three-stage theory...", 11.
- 19 Szymon Kaczmarek and Winfried Ruigrok, "In at deep end of firm internationalization", *Management International Review* 6.52 (2013): 520.
- 20 Daniel Sullivan, "Measuring the degree of internationalization of the firm", *Journal of International Business Studies* (Second Quarter, 1994): 330; Piotr Trąpczyński, Barbara-Jankowska, Marlena Dzikowska, and Marian Gorynia, "Identification of linkages between competitive potential and competitive positions of SMEs related to the industrialization patterns shortly after economic crisis", *Entrepreneurial Business and Economic Review* 4.4 (2016): 33.
- 21 Chia Wen Hsu, Yung Chih Lien, and Homin Chen, "International ambidexterity and firm performance in small emerging economies", *Journal of World Business* 48.1 (2013): 62; Velez-Calle, Sanchez-Henriquez, and Contractor, "Internationalization and performance...", 93.

Second, the collection only considered papers and chapters in English because it represents the main language in the areas of knowledge. Collecting English articles identified articles with a higher level of impact in studies related to internationalization.

The next step analyzed the 26 definitions of internationalization using a qualitative technique of content analysis by interpreting reality through categories extracted from the text.<sup>25</sup> In addition, this technique analyzed ideas expressed in the text through words, themes, or phrases. This work used an analysis of summative content to identify and quantify words or content to understand their contextual use.<sup>26</sup> Qualitative research strengths include capturing the evolution of the phenomenon and making proper use of the collected data to understand the phenomenon.<sup>27</sup>

To carry out the analysis, the study considered the depth and breadth of internationalization, as well as its main theories, the EP, and the UM. A "1" marked the work if any of the four dimensions were identified. This mark required a calculation of the frequencies of the four dimensions and the definitions of internationalization (see Appendix 1).

**Table 1. Words and Phrases Used to Quantify the Dimensions**

Dimensions	Keywords
Uppsala Model (UM)	Process, gradual, sequential, stages, outside, incremental.
Eclectic Paradigm (EP)	Cost, eclectic, organize, variables, resources, location, operations.
Depth	Financial, operations, degree, activities, profits, capital.
Breadth	Geographical, countries, diversification, expansion, multinationality.

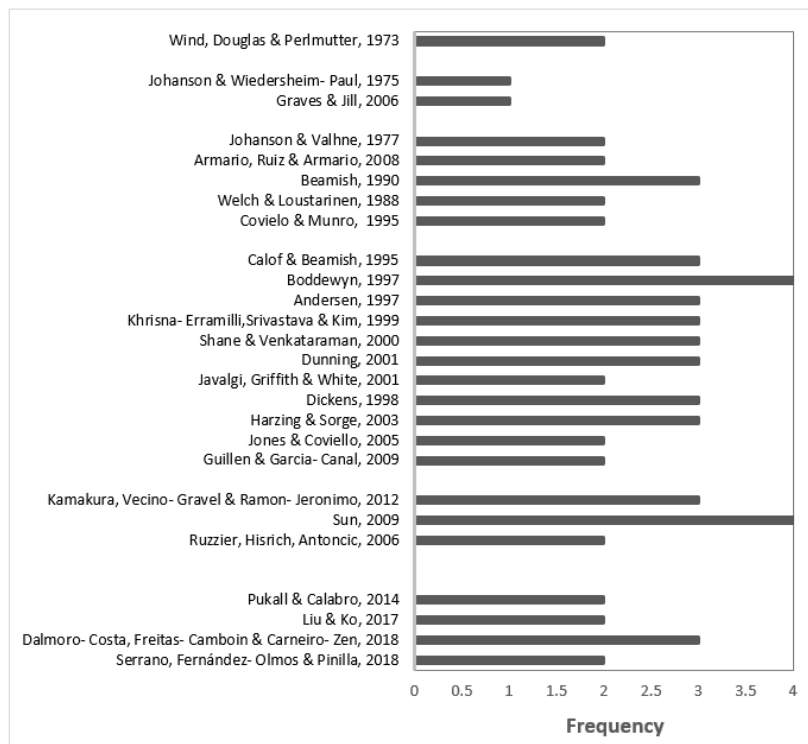
Source: author's elaboration.

Table 1 shows the dimensions and keywords used to quantify the dimensions and references. These words do not necessarily need to appear in the text; the content analysis also considers ideas within the sentences.<sup>28</sup> Keywords were extracted from a literature review on the four dimensions.

## Analysis of the Results

The analysis of the results is based on Appendix 1. The main results are shown in Table 2. The frequency indicates the number of times the dimensions appear in each definition. The authors are ordered by year.

Figure 1. Total Frequency of Definitions



Source: Author's elaboration based on Appendix 1.

- 22 Randall Morck and Bernard Yeung, "Why investors value multinationality", *Journal of Business* 64.2 (1991): 175.
- 23 Raj Aggarwal, Jenny Berrill, Elaine Huston, and Colm Kearney, "What is a multinational corporation? Classifying the degree of firm-level multinationality", *International Business Review* 20 (2011): 560.
- 24 Capar and Kotabe, "The relationship between...", 345; Contractor, Kundu, and Hsu, "A three-stage theory...", 6.
- 25 Mercedes Moraima Campos and Lexy Auxiliadora Mújica, "El análisis de contenido: Una forma de abordaje metodológico", *Laurus* 14.2.7 (2008): 131.
- 26 Hsiu Fang Hsieh and Sarah E. Shannon, "Three approaches to qualitative content analysis", *Quantitative Health Research* 15.9 (2005): 1278.
- 27 Ann Langley and Chahrazad Abdallah, "Templates and turns in qualitative studies of strategy and management", *Research Methodology in Strategy and Management* 6 (2011): 115.
- 28 Gaur and Kumar, "A systematic approach to conducting...", 284; Sharon Kemp and Larry Dwyer, "Mission statements of international airlines: A content analysis", *Tourism Management* 24 (2003): 637.

Figure 1 illustrates the frequency of each definition identified by the author. The frequency.

The results (Table 1) present several findings. The frequencies of the dimensions and definitions of internationalization also present diverse results. In particular, frequency 1 includes 2 definitions, frequency 2 includes 12 definitions, frequency 3 includes 10 definitions, and frequency 4 includes 2 definitions. There was no definition or dimension with less than frequency 1.

Moreover, Table 1 shows that all the dimensions are considered at least one time in the definitions. This means that the dimensions are correct ways to understand the internationalization as a definition, and also as phenomenon. Is possible that definitions address another dimensions, is an important issue identify new which are this new dimensions.

With the obtained results in the frequency is possible foresee two scenarios. First, there is disparity between the dimensions of the sample, this is given by the different approaches that the authors use for understanding the internationalization. Second, based on the obtained frequencies the four dimensions are needed in order to comprise in an integral way the definition of internationalization.

**Table 2. Frequency of Dimensions**

Dimensions	UM	EP	Breadth	Depth
Frequency	16	16	12	20

Source: author's elaboration.

Table 3 presents the frequencies of the dimensions. The highest frequency of the dimension depth was 20. This is relevant because, according to this study, internationalization has been defined as an economic variable within companies. Furthermore, this leads us to understand that internationalization is seen as an economic benefit.



UM and EP have a frequency of 16. Finally, the breadth dimension has a frequency of 12. This data indicates that internationalization is less frequently considered outside in relation to the expansion of companies to other markets.

Two common issues were identified in the definitions. First, the 26 definitions fit in at least one definition. Second, the definitions did not discuss how companies should implement internationalization. This means that the definitions studied focus on theoretical rather than pragmatic aspects.

Additionally, derived of the analysis is possible state which definitions are the most whole. Hence with the results of Figure 1 and Table 2 is possible to identify which of the analyzed definitions cover the four dimensions.

**Table 3. Definitions with Four Dimensions**

“Refers to the degree in which a firm’s sales revenue or operations are conducted outside its home country”.<sup>29</sup>

“Internationalization is typically characterized by some form of international involvement or engagement in cross-border activity, such as foreign trade and/or investment”.<sup>30</sup>

The definitions presented in Table 2 are, according to this study, the most complete because they include all four dimensions.<sup>31</sup> The definitions encompass important elements of internationalization as addressed in the IB literature. These elements include financial, operations, countries, processes, gradual, sequential, variables, and resources.

The most complete definitions have been published for nine years. Boddewyn<sup>32</sup> has been published for more than two decades. Although progress has been made in internationalization research, we are still unable to advance to a more complete definition due to the frequencies obtained by recent definitions.<sup>33</sup>

The practical implications of the results can be viewed from two perspectives. First, a better understanding of internationalization gives compa-

- 29 Sunny Li Sun, “Internationalization strategy of MNEs from emerging economies: The case of Huawei”, *Multinational Business Review* 17.2 (2009): 135.
- 30 John Boddewyn, “The conceptual domain of international business: territory, boundaries, and levels”. In *International business: An emerging vision*, edited by Brian Toyne and Douglas Nigh (Columbia: University of South Carolina Press, 1997), 50-61, especially 69.
- 31 Boddewyn, “The conceptual domain...”, 67; Li Sun, “Internationalization strategy of MNEs...”: 134.
- 32 Boddewyn, “The conceptual domain...”, 12.
- 33 Augusto Dalmoro Costa, Guilherme F. Camboim, and Aurora Carneiro-Zen, “Internationalization patterns and their effects on company performance”, *Journal of Operations and Supply Chain Management* 11.1 (2018): 54; Raúl Serrano Lázaro, Marta Fernández Olmos, and Vicente Pinilla, “Internationalization and performance in agri-foods firms”, *Spanish Journal of Agricultural Research* 16.2 (2018): 2.

nies knowledge on the process, as well as the elements they must consider when entering international markets. Second, internationalization can be seen by company decision makers as a process beyond selling abroad. Instead, it can be viewed as an element of long-term business development.

## Conclusion

This article aimed to analyze the definitions of internationalization identified in the literature. The main results concluded that internationalization is a phenomenon with many approaches. Therefore, it is difficult to present a unique definition. It is important to unify the criteria and approaches to understanding internationalization.

There were three main contributions to this work. First, according to the analysis of dimensions, two definitions encompassed the four definitions of internationalization.<sup>34</sup> These definitions can be used to formulate a definition that encompasses the different ideas and approaches about internationalization. The second contribution was to provide a framework for analysis to understand companies' desire to expand their operations to international markets. Third, based on results of this article, researchers and students will not refer to many meanings and phenomena surrounding internationalization.

The depth dimension was strongly considered within internationalization. This dimension, which is associated with economic benefits, led the authors to infer that internationalization is seen as a process or strategy of economic gain.<sup>35</sup> According to this research, the EP and UM continue to be the most used theories used to define internationalization,<sup>36</sup> maybe for the lack of another approaches that can explain why the companies go abroad.

Furthermore, not discovery a single definition is an important finding. This fact justifies the evolution of the companies since nowadays internationalization is not only go abroad, implies new resources and capabilities. This means that all the definitions are correct and are related to a specific context and time, for example for a company that operates only online the concept of internationalization is different for a manufacturing company.

- 34 Boddewyn, "The conceptual domain...", 12; Li Sun, "Internationalization strategy of MNEs...", 134.
- 35 Otto Andersen, "Internationalization and market entry mode: A review of theories and conceptual frameworks", *Management International Review* 2 (1997): 29; John Child and Suzanna B. Rodrigues, "The internationalization of Chinese firms: A case for theoretical extension", *Management and Organization Review* 1.3 (2005): 384; Hymer, "The international operations...", 126.
- 36 Dunning, "Toward an eclectic theory...", 11; Johanson and Vahlne, "The internationalization process...", 23.

Besides, it is important to understand the relationship between the four dimensions. To understand this relationship will help to develop a solid conceptual framework of the definition and a better understanding of internationalization as phenomenon. It is important to point out that is imperative identify more dimensions that can be added to the analysis.

In summary, the results obtained from this research are important because they show the lack of a concise definition of internationalization. The study reveals that the internationalization phenomenon is understood in different ways. Therefore, it is necessary to analyze this topic more thoroughly. This leads us to question the validity of the fundamentals exploring why companies enter foreign markets.

Future research should consider the context of the world market (i.e., developed, emerging) when defining internationalization. In addition, future studies should identify more dimensions to define internationalization.

## Appendix 1

Author	Concept	UM	EP	Breadth	Depth	Total
[1] Serrano, Fernández, and Pinilla (2018)	The concept of internationalization refers to geographical diversification but not product diversification.		1	1		2
[2] Dalmoro-Costa, Freitas-Camboin, and Carneiro-Zen (2018)	Internationalization allows companies to reach other markets to generate new business activities and achieve extraordinary profits.		1	1	1	3
[3] Liu and Ko (2017)	Internationalization is the procedure of organizing and utilizing global economic resources, such as capital, raw material, labor, information, market, and management.		1		1	2
[4] Pukall and Calabro (2014)	Internationalization is a dynamic process, explained by “state” and “change” variables that affect each other continuously.		1		1	2
[5] Ruzzier, Hisrich, and Antoncic (2006)	The process of mobilizing, accumulating, and developing resource stocks for international activities.		1		1	2
[6] Sun (2009)	The degree in which a firm’s sales revenue or operations are conducted outside its home country.	1	1	1	1	4
[7] Kamakura, Vecino-Gravel, and Ramon-Jeronimo (2012)	The firm’s choice of optimal location and structure for each stage of production to minimize transaction costs.		1	1	1	3
[8] Guillen and Garcia-Canal (2009)	Through internationalization, emerging economies can successfully access and explore opportunities at the global level to build their competitive advantage.	1			1	2
[9] Jones and Coviello (2005)	By definition, internationalization behavior takes place over time ... it manifests in a time sequence in which events occur.	1			1	2
[10] Harzing and Sorge (2003)	The way multinationals fashion relations between headquarters, subsidiaries, and the diverse markets and institutional contexts in which they operate.	1		1	1	3
[11] Dicken (1998)	A quantitative process leading to a more extensive geographical pattern of economic activity.	1	1		1	3
[12] Javalgi, Griffith, and White (2001)	A process through which a firm moves from operating in its domestic marketplace to international markets.	1		1		2
[13] Dunning (2001)	Firms internationalize operations to capitalize on differences in factor endowments across countries.		1	1	1	3

[14] Shane and Venkataraman (2000)	The process of opportunity identification, development, and exploitation across national borders.	1		1	1	3
[15] Krishna-Erramilli, Srivastava, and Kim (1999)	The process by which firms increase their involvement in international operations in an incremental fashion rather than in spectacular strides.	1	1		1	3
[16] Andersen (1997)	Internationalization is the process of adapting exchange transaction modality to international markets.	1	1		1	3
[17] Boddewyn (1997)	Internationalization is typically characterized by some form of international involvement or engagement in cross-border activity, such as foreign trade and/or investment.	1	1	1	1	4
[18] Calof and Beamish (1995)	The process of adapting a firm's operations (i.e., strategy, structure, and resources) to environments.	1	1		1	3
[19] Coviello and Munro (1995)	A by-product of a firm's efforts to improve its position in its network(s). This draws on a business network view.		1		1	2
[20] Welch and Luostarinen (1988)	A dynamic phenomenon conceptualized as a process in which a firm gradually increases its level of involvement in foreign markets.	1		1		2
[21] Beamish (1990)	The process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future. In turn, they establish and conduct transactions with firms in other countries.		1	1	1	3
[22] Armario, Ruiz, and Armario (2008)	An evolutionary process in which companies develop growing levels of commitment to foreign markets as they travel through a series of sequential steps and accumulate decisions.	1			1	2
[23] Johanson and Vahlne (1977)	The consequence of a series of incremental decisions.	1		1		2
[24] Graves and Jill (2006)	Global exploitation of unique products and knowledge from a domestic base.		1			1
[25] Johanson and Wiedersheim-Paul (1975)	The consequence of a series of incremental decisions.	1				1
[26] Wind, Douglas, and Perlmutter (1973)	A process in which specific attitudes or "orientations" are associated with successive stages in the evolution of international operations.	1			1	2
	Total	16	16	12	20	64