Patterns of inconsistency: a literature review of empirical studies on the multinationality–performance relationship

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Abstract

Purpose – This study aims to understand the performance implications of when a business internationalizes. Many managers take the performance implications of internationalization for granted. Whether seeking a broader customer base or cost reduction through cross-border outsourcing, the overwhelming belief is that internationalization leads to higher profits.

Design/methodology/approach – This paper offers a systematic review, content analysis and cross-tabulation analysis of 115 empirical studies from over 40 major journals in management, strategy and international business between 1977 and 2021. Focusing on research settings, sample characteristics, underlying theoretical approaches, measurements of key variables and moderators influencing the multinationality and performance relationship, this study offers a detailed account of definitions and effects.

Findings – The findings of this study suggest a tenuous connection between internationalization and performance. No strain of research literature conclusively identifies a consistent direct path from internationalization to performance. The context specificity of the relationship makes general declarations impossible.

Research limitations/implications – Future researchers should recognize that internationalization is a process taking different forms, with no specific dominant form. General declarations are misleading. The focus should be on the process of internationalization rather than on the outcome.

Originality/value – This study contributes to the international business literature by exploring reasons for the inconsistent results and lack of consensus. Through a detailed account of definitions and effects, this paper explores the lack of consensus as well as the identified shapes of the relationship.

Keywords Literature review, Internationalization, Multinationality, Context, Performance, Geographic diversification, Moderators

1. Introduction

A substantial body of research in international business, strategy and general management is devoted to understanding firm internationalization. In this paper, understanding the
performance implications of internationalization is of particular interest. Over the past half century, research on the relationship between firm multinationality and performance has been growing steadily, and given the increase in internationalization activities, it is seen as a seminal issue in strategic management (Hitt et al., 2006; Kirca et al., 2011). The term “multinationality” is frequently used to describe the spread of a firm’s international activities and refers to the extent of value-adding activities conducted outside its home country (cf. Hitt et al., 2006; Lu and Beamish, 2004). In concrete terms, it is the extent of investment and/or control of assets and activities outside of the home market (Cantwell and Sanna-Randaccio, 1993; Teece, 1981). Multinationality measurements can be broadly divided into either scale or scope metrics (Rugman and Oh, 2011). There were only a few studies published prior to 1996 on the relationship between multinationality and performance, after which publication frequency increased dramatically.

Several theoretical perspectives, such as resource-based theory, internationalization theory and organizational learning theory, offer explanations for the increased engagement in international activity. Two main arguments are that internationalization offers: increased strategic flexibility; and scale economies (Gaur et al., 2011).

In addition, international expansion is argued to enable firms to acquire cheaper resources, reduce capital costs and diversity operations geographically (Benito, 2015; Dunning, 1993; Sapienza et al., 2006). This, in turn, reduces risk and increases leverage. Together, these benefits are argued to have a positive effect on firm performance because they lower total costs and increase productivity (Yang and Driffield, 2012). The internationalization process also involves additional costs to a firm. International expansion generates a more complex and culturally diverse organization that is difficult to manage (Lu and Beamish, 2004). Early stages of the internationalization process are risky and carry high learning costs. Together, these costs have a negative effect on firm performance.

The contradictory outcomes of firm internationalization have triggered the interest for explaining the multinationality and performance (M–P) relationship, yet despite the large body of empirical research, results are inconclusive. Authors have found strong support for a positive linear relationship (Grant, 1987; Kim et al., 1989; Kotabe et al., 2002), a negative linear relationship (Michel and Shaked, 1986; Powell, 2014; Singla and George, 2013), a U-shaped relationship (Capar and Kotabe, 2003; Contractor et al., 2007; Lu and Beamish, 2001), an inverted U-shaped (Geringer et al., 1989; Hitt et al., 1997; Tallman and Li, 1996), an S-shaped relationship (Contractor et al., 2003; Lu and Beamish, 2004; Ruigrok et al., 2007), an M-shaped relationship (Almodóvar, 2012; Almodóvar and Rugman, 2014; Lee, 2010) and a W-shaped relationship (Almodóvar, 2012)[1]. Meanwhile, some studies argue that there is no systematic relationship at all (Hennart, 2007; Rugman et al., 2016). These inconclusive results suggest that we are far from reaching consensus on understanding the M–P relationship, and that additional empirical studies on the subject might not be the way forward, but rather to try to find the answers in the vast number of existing studies.

Tallman and Pedersen (2012, p. 313) highlight that the topic of multinationality and performance is, “[O]ne of the mainstays of studies of multinational enterprises and their strategies yet they remain disappointed by the fact that the ‘empirical results [in previous studies] have largely been disappointing, perplexing, and inconclusive’”. Contractor et al. (2007) speak of previous findings as contradictory and Hennart (2007) calls them disappointing. The diversity in the results is claimed to be attributed to underlying theories (Wiersema and Bowen, 2011), measures (Rugman and Oh, 2010, p. 484; Verbeke and Forootan, 2012), sampling issues, availability of data or how the M–P relationship is moderated. We suggest that one important step forward in finding possible explanations for the incongruent results is within the vast number of existing studies and not by conducting
yet another empirical study as there is reasons to suspect that it will only be another study with inconclusive results. In this paper, we analyze almost half a century of M–P literature, searching for patterns in the empirical studies to possibly bring clarity into why the results diverge. Through a detailed account of definitions and effects, the paper explores reasons for inconsistent results and lack of consensus within and across research streams as well as in relation to the identified shapes of the relationship. Consequently, we question the dominant academic discourse in international business focused on finding support for a relationship between internationalization and performance outcomes. It may well be futile to continue on the same path, testing new measures and moderators in pursuit of an explanation.

The paper offers a systematic review and content analysis of the international business, strategy and general management literatures, analyzing 115 empirical studies from 42 major journals between 1977 and 2021, with focus on:

- research settings;
- measurements of key variables;
- underlying theoretical approaches; and
- moderators influencing the M–P relationship.

By providing a systematic overview of M–P studies in the fields of international business, strategy and general management, this literature review also differs from existing review articles (Annavarjula and Beldona, 2000; Li, 2007; Nguyen, 2017; Nguyen and Kim, 2020; Sullivan, 1994) in multiple ways. First, one major contribution is to summarize and present moderators used to study the relationship between multinationality and performance. This has implications for questioning the direction of the causal link between multinationality and performance. Second, it illustrates and critically discusses the influence that different research settings, measurements, theoretical assumptions and moderators have on the M–P relationship. Third, it encompasses the most relevant empirical studies published over the past 44 years (i.e. since the start of the Uppsala School of Internationalization), investigating key constructs, measures, samples, major findings and analytical methods, making it the most recent and most comprehensive review so far.

2. Research methodology

The starting point for the systematic literature review and content analysis was a Boolean search in the Web of Science and Business Source Premier databases for peer-reviewed articles, using the self-constructed search string [(multinational* OR international*) AND performance]. The search was limited to the publication period between 1977 and 2021, and to journals in the fields of international business, general management and strategy that were rated 2, 3 or 4 in the Chartered Association of Business Schools Academic Journal Guide 2015. This was followed by an issue by issue search in the same fields in all 61 journals to ensure that no articles were overlooked. Appendix 1 presents an overview of the selected journals, as well as an indication of initial hits and articles included in this literature review.

Multinationality, internationality and performance are popular terms, especially within the international business literature and are often referred to or used for argumentation without defining or measuring the concepts. As the focus of this literature review is the relationship between the two concepts multinationality and performance, it is important that they were key concepts in the articles. As authors tend to mention their key concepts in the title, and to avoid an overly large and irrelevant sample of academic papers, the search was limited to the title of the article. This resulted in 491 articles. As some authors refer to multinationality or internationality as regional or geographic diversification, an additional...
Boolean search in both databases and an issue-by-issue search in the selected journals was done with the self-constructed search string \([(\text{region}^* \text{ OR geographic}^*) \text{ diversification} \text{ AND performance}]\) and the same limitations. This resulted in 152 additional articles. Moreover, to capture the variety in vocabulary used to describe multinational firms, a third Boolean search in both databases and an issue-by-issue search in the selected journals was done with the self-constructed search string \([(\text{transnational}^* \text{ OR } \text{"born global"}) \text{ AND performance}]\), applying the same limitations as above. This resulted in 11 additional articles. As the search strings could overlap, all articles were downloaded into a citation management system and checked for duplicates. Duplicates were deleted, resulting in a sample of 654 unique scholarly articles.

The articles were confronted with a set of predefined exclusion criteria. Following Sinkovics and Reuber (2021), a search protocol with a detailed account of the exclusion criteria can be found in Appendix 2. First, both multinationality and performance had to be key variables in the study, excluding those studies where, for example, one of the concepts was used as a control variable. Second, studies included in the literature review had to measure corporate performance, meaning that those studies measuring either:
- different kinds of performance (such as corporate social performance or environmental performance); or
- the unit of analysis was not on a firm level (e.g. subsidiary performance) were excluded from the study.

Third, studies had to undergo a qualitative assessment by the researcher about their relevance for the literature review. For example, a study by Jean et al. (2015) fulfilled the previous criteria, but focused its analysis on the customer–supplier relationship. Consequently, a number of studies could not be included in the final sample because:
- either multinationality or performance were used as a moderator or control variable (–16 articles);
- different kinds of performance were measured (–110 articles);
- performance was not measured on a corporate level (–36 articles);
- different kinds of diversification (e.g. product diversification or board diversification) were measured (–92 articles); and
- multinationality and/or performance were not a key variable (–261 articles).

As our focus was on the empirical findings, we limited our sample to only empirical papers. As a consequence, from the remaining 139 articles that fulfilled the requirements outlined above, conceptual papers[2] (–7 articles) and literature reviews[3] (–10 articles) were excluded. We also excluded meta-analyses[4] (–7 articles) for two reasons. First, the results of meta-analyses are based on largely the same empirical papers as are used for this literature review. Second, meta-analyses are highly criticized for investigating weakly defined and operationalized constructs that could lead to misleading results (Klein and Delery, 2012). Therefore, the final sample consists of 115 empirical studies. Table 1 provides an overview of the search results and exclusion criteria, and their effect on the final sample. Appendix 3 summarizes the 115 empirical articles in the final sample, highlighting their theoretical perspective, dependent and independent variables, moderators and the form of their relationship.
Each article underwent a content analysis where information about different parameters was collected and coded categorically. In a first step, each article was given equal attention and coded descriptively and attributively (Saldaña, 2015, pp. 59–64). In a next step, the initial descriptive and attributive codes were categorized into clusters based on similar attributes. In a final step, the clusters were aggregated to a topical, descriptive level, and organized into main categories and subcategories. Table 2 shows the three levels of the categorization scheme. The categories included information about the underlying theoretical arguments and information about the sample and research context, for example, the region where the research was conducted, firm size and industry. Fundamental to understanding the relationship is to also understand how it has been measured. Thus, the categorical codes include different types of performance (e.g. accounting-based, market-based or operational performance) and their measures (e.g. return on assets, return on sales, return on equity, Tobin’s Q), different types of multinationality (e.g. structural or financial measures, or index-based) and their measures (e.g. foreign sale to total sales, foreign assets to total assets, ratio of foreign to total employees, number of countries the firm has operations/subsidiaries in) and finally the shape of the identified relationship between multinationality and performance. The codes for the moderators (e.g. firm characteristics, home-country context or strategy) and their measures (e.g. firm size, firm age, family ownership, entry mode or cultural diversity) were derived descriptively and attributively in order to cover the full range of moderators applied to the M–P relationship literature.

### Table 1

| Stage | Task description                                                                 | +/- | Total |
|-------|----------------------------------------------------------------------------------|-----|-------|
| 1     | Systematic Boolean search in journals in the fields of General Management, International Business and Strategy that are rated 2, 3 or 4 in the Chartered Association of Business Schools Academic Journal Guide 2015 ranking, using the self-constructed search string [(multinational* OR international*) AND performance] in TITLE from 1977-01-01 to 2021-12-31 | +491 | 491   |
| 2     | Systematic Boolean search in journals in the fields of General Management, International Business and Strategy that are rated 2, 3 or 4 in the Chartered Association of Business Schools Academic Journal Guide 2015 ranking, using the self-constructed search string [(region* OR geographic*) diversification) AND performance] in TITLE from 1977-01-01 to 2021-12-31 | +152 | 643   |
| 3     | Systematic Boolean search in journals in the fields of General Management, International Business and Strategy that are rated 2, 3 or 4 in the Chartered Association of Business Schools Academic Journal Guide 2015 ranking, using the self-constructed search string [(transnational* OR “born global“) AND performance] in TITLE from 1977-01-01 to 2021-12-31 | +11  | 654   |
| 4     | Exclusion due to: M or P is moderator or control variable                         |      |       |
|       | Different kinds of performance                                                    |     |       |
|       | P is measured not on a firm level                                                 |     |       |
|       | Different kinds of diversification                                                |     |       |
|       | M and P are not key variables                                                     |     |       |
| 5     | Exclusion due to:                                                                  |     |       |
|       | Conceptual paper                                                                  | -16 |       |
|       | Literature review                                                                 | -110|       |
|       | Meta-analysis                                                                     | -36 |       |
|       | Different kinds of diversification                                                | -92 |       |
|       | M and P are not key variables                                                     | -261|       |
| 6     | Exclusion due to                                                                   | -515| 139   |
|       | Conceptual paper                                                                  | -7  |       |
|       | Literature review                                                                 | -10 |       |
|       | Meta-analysis                                                                     | -7  |       |
|       | Different kinds of diversification                                                | -24 | 115   |

Patterns of inconsistency

Overview of search results, exclusion criteria and their effect on the final sample
| Level 1                                | Level 2                                      | Level 3                                      |
|---------------------------------------|----------------------------------------------|----------------------------------------------|
| **Country/Region**                    | USA (1/0)                                    | USA (1/0)                                    |
|                                       | EU (1/0)                                     | e.g. UK, Germany, Switzerland, Spain, France, Italy |
|                                       | ASIA (1/0)                                   | e.g. Japan, India, Singapore, Taiwan, China  |
|                                       | Other (1/0)                                  | Other (1/0)                                  |
| **Multiple vs single country focus**  | Multiple = 1                                 |                                             |
|                                       | Single = 0                                   |                                             |
| **Size of firm**                      | SME (1/0)                                    |                                             |
|                                       | Large firms/MNE (1/0)                        |                                             |
|                                       | SMEs and large firms (1/0)                   |                                             |
|                                       | Not stated (1/0)                             |                                             |
| **Industry**                          | Manufacturing (1/0)                          |                                             |
|                                       | Service (1/0)                                |                                             |
|                                       | Manufacturing and service (1/0)               | Manufacturing = 1 AND service = 1           |
|                                       | Not stated (1/0)                             |                                             |
| **Performance measurements**          | Financial (1/0)                              | e.g. ROA, ROI, earnings per share, Tobin’s Q |
|                                       | Operational (1/0)                            | e.g. product-market outcomes, internal process outcomes |
|                                       | Overall effectiveness (1/0)                  | e.g. reputation, survival, perceived overall performance, achievement of goals |
| **Multinationality measurements**     | Structural (1/0)                             | e.g. number of regions, number of countries with subsidiaries |
|                                       | Financial (1/0)                              | e.g. FSTS, FETE, FOTO                       |
|                                       | Index (1/0)                                  | e.g. continuous index                       |
| **Theory**                            | Economic theories (1/0)                      | e.g. transaction cost theory, FDI, agency theory |
|                                       | Behavioral theories (1/0)                    | e.g. organizational learning, internalization theory |
|                                       | Resource-based view (1/0)                    |                                             |
|                                       | Phenomenon-driven (1/0)                      |                                             |
|                                       | 3-stage theory (1/0)                         |                                             |
|                                       | Unclear (1/0)                                |                                             |
|                                       | Other (1/0)                                  |                                             |
| **Moderators**                        | Firm characteristics (1/0)                   | e.g. firm size, firm age, leverage, family ownership |
|                                       | Home-country context (1/0)                   | e.g. home country legal institutions, normative institutional distance |
|                                       | Strategy (1/0)                               | e.g. advertising intensity, entry mode, R&D intensity, product diversification, cultural diversity |
3. Results

Table 3 provides an overview of the identified shapes of the M–P relationship by the year of the published articles. It shows that, although there were some studies published earlier, it was during the late 1990s that the M–P relationship as a research topic became more and more popular. This can be explained with the general raise of globalization that triggered

| Year Range | POS LIN | NEG LIN | U | M | S | INV U | NONE | No. of published articles |
|------------|---------|---------|---|---|---|------|------|--------------------------|
| 1977–1987  | 1       | 1       | 3 |   |   |      |      | 3                        |
| 1983       | 1       |         |   |   |   |      |      | 1                        |
| 1986       | 1       |         |   |   |   |      |      | 1                        |
| 1987       | 1       |         |   |   |   |      |      | 1                        |
| 1988–1998  | 2       | 3       | 1 | 4 | 10|      |      |                          |
| 1989       | 1       |         | 1 | 3 |   |      |      | 2                        |
| 1995       | 1       |         | 1 | 3 |   |      |      | 2                        |
| 1996       | 1       |         | 1 | 3 |   |      |      | 2                        |
| 1997       | 1       |         | 1 | 3 |   |      |      | 1                        |
| 1998       | 1       |         | 1 | 3 |   |      |      | 2                        |
| 1999–2009  | 13      | 3       | 8 | 9 | 7 | 1    | 36  |                          |
| 1999       | 1       |         | 1 |   |   |      |      | 1                        |
| 2000       | 1       |         | 1 |   |   |      |      | 2                        |
| 2001       | 1       |         | 1 |   |   |      |      | 2                        |
| 2002       | 1       |         | 1 |   |   |      |      | 1                        |
| 2003       | 3       | 1       | 1 | 4 |   |      |      | 4                        |
| 2004       | 1       |         | 2 |   |   |      |      | 3                        |
| 2005       | 2       |         |   |   |   |      |      | 2                        |
| 2006       | 2       | 1       | 2 |   |   |      |      | 4                        |
| 2007       | 2       | 2       | 2 |   |   |      |      | 5                        |
| 2008       | 3       | 1       | 1 |   |   |      |      | 7                        |
| 2009       | 1       | 1       | 2 |   |   |      |      | 5                        |
| 2010–2021  | 22      | 8       | 7 | 17| 11| 3    | 5   | 66                       |
| 2010       | 3       |         | 2 |   |   |      |      | 5                        |
| 2011       | 2       | 1       | 1 |   |   |      |      | 4                        |
| 2012       | 3       | 1       | 2 | 3 | 1  | 1    | 11                       |
| 2013       | 3       | 1       | 1 | 3 | 1  |      | 6                         |
| 2014       | 1       | 1       | 3 |   |   |      |      | 5                        |
| 2015       | 1       | 1       | 1 | 1 |   |      |      | 3                        |
| 2016       | 1       | 1       | 3 | 2 | 2  | 1    | 7                         |
| 2017       | 5       | 1       | 1 | 1 | 2  | 8    | 8                         |
| 2018       | 3       | 1       | 1 | 1 | 2  | 8    | 6                         |
| 2019       | 2       | 2       | 1 |   |   |      |      | 4                        |
| 2020       | 1       |         | 1 | 2 |   |      |      | 2                        |
| 2021       | 1       | 1       | 2 |   |   |      |      | 5                        |

Notes: Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.

Table 3. Shape of the M–P relationship by year of published articles
research projects associated with the performance outcomes of global activities. During the past 12 years, the research field grew even more, peaking with 11 publications in 2012. The identified shapes of the relationship however are scattered across the whole spectrum, leading to no clear pattern that could be associated with the year of publishing and the identified shape. In most recent years, a positive linear shape, along with an inverted U-shape and S-shape are the most dominant found relationships. Part of the explanation for this finding is due to the evolution of statistical analysis that has allowed for more complex investigation of nonlinear relationships, which indicates that a continuous development in statistical methods also in the future might contribute to our findings rather than the factual relationship between multinationality and performance.

The content analysis presented in Table 4 shows a summary of the frequency of the coded categories, such as type of theory, cross-tabulated with the shapes of the relationships between multinationality and performance. To test for whether there is an association between the identified relationships between multinationality and performance (including no relationship), and the theory used, the region, firm size, industry, measurement type for performance and multinationality, and type of moderator, we did a cross-tabulation analysis. Using the data from Table 4, we applied the chi-square test for independence to all possible 2 x 2 cross-tabulation tables. This tests for a statistically significant association between categories, for example, the type of theory and the form of the relationship between multinationality and performance. No chi-square test indicated a statistically significant pattern between categories.

Findings reveal a great variety of empirical studies investigating the M–P relationship. This can be observed in:

- different research settings;
- measurements of key variables;
- underlying theoretical approaches and identified shapes of the M–P relationship; and
- moderators influencing the M–P relationship.

All of these approaches contribute to diverse and inconsistent findings, thereby confounding the search for a unified theory for the relationship between multinationality and performance. Below, the diverse approaches are presented in more detail. They are contrasted with the outcomes presented in the papers to identify possible patterns in previous findings.

3.1 Research settings

Variety within the research setting is beneficial to the overall validity of findings. While the majority of studies still choose to focus on a single country as their research setting (81 studies), using comparative studies in the form of investigating and comparing multiple countries has been on the rise. With a dramatic increase from three studies between 1988 and 1998 to 11 studies in 1999–2009, and even 17 studies between 2010 and 2021.

Yang and Driffield reported in 2012 that 42% of studies use a US sample, indicating an overrepresentation of US firms. Our results show 38.3% of empirical studies focus on US firms, 35.6% on European firms and 42.6% on Asian firms, indicating that since 2012 the research settings have become more balanced. Table 5 shows that the amount of positive linear relationships and inverted-U shaped relationships is also quite evenly distributed between Asian, European and US firms.
| Country/region | POS LIN | NEG LIN | U   | INV | U   | S   | M   | NONE |
|----------------|---------|---------|-----|-----|-----|-----|-----|------|
| USA (44)       | 12      | 4       | 3   | 14  | 8   | 5   |     |      |
| EU (41)        | 13      | 3       | 5   | 13  | 7   | 2   | 4   |      |
| Asia (49)      | 19      | 6       | 5   | 13  | 5   | 5   |     |      |
| Other (21)     | 10      | 1       | 1   | 5   | 3   | 1   | 2   |      |
| Multiple vs single country focus |         |         |     |     |     |     |     |      |
| Multiple countries (32) | 11      | 2       |     | 11  | 4   |     | 6   |      |
| Single country (81) | 27      | 10      | 14  | 17  | 15  | 3   | 3   |      |
| Size of firm |         |         |     |     |     |     |     |      |
| SMEs (10)       | 2       | 1       | 2   | 5   | 1   | 2   |     |      |
| Large firms (62) | 19      | 6       | 7   | 18  | 6   |     | 8   |      |
| SMEs and large firms (6) | 3       | 1       | 1   |     | 3   |     |     |      |
| Not stated (37) | 14      | 4       | 5   | 6   | 9   | 1   | 2   |      |
| Industry |         |         |     |     |     |     |     |      |
| Manufacturing (44) | 12      | 5       | 2   | 14  | 8   | 3   | 4   |      |
| Service (14)    | 4       | 2       | 2   | 3   | 4   |     | 1   |      |
| Manufacturing and service (36) | 12      | 3       | 7   | 10  | 5   |     | 3   |      |
| Not stated (20) | 9       | 2       | 4   | 2   | 2   |     |     |      |
| Time frame |         |         |     |     |     |     |     |      |
| 1–6 years (59)  | 19      | 4       | 6   | 18  | 7   | 1   | 7   |      |
| 7–35 years (55) | 18      | 8       | 9   | 11  | 12  | 2   | 3   |      |
| Performance measurements |         |         |     |     |     |     |     |      |
| Financial (110) | 35      | 11      | 15  | 29  | 19  | 3   | 10  |      |
| Operational (11) | 5       | 2       | 1   | 1   | 1   |     |     |      |
| Overall effectiveness (4) | 2       | 2       |     |     |     |     |     |      |
| Multinationality measurements |         |         |     |     |     |     |     |      |
| Structural (43) | 14      | 6       | 6   | 11  | 5   |     | 5   |      |
| Financial (74)  | 26      | 6       | 9   | 20  | 12  | 3   | 5   |      |
| Index-based (26) | 9       | 2       | 4   | 5   | 6   |     |     |      |

(continued)
| Theory                                      | POS LIN | NEG LIN | U  | INV U | S   | M   | NONE |
|---------------------------------------------|---------|---------|----|-------|-----|-----|------|
| Economic theories (41)                      | 15      | 5       | 4  | 12    | 7   | 1   |      |
| Behavioral theories (40)                    | 10      | 7       | 4  | 8     | 6   | 2   | 3    |
| Resource-based view (24)                    | 8       | 3       | 6  | 3     | 1   | 2   |      |
| Phenomenon-driven (32)                      | 9       | 3       | 4  | 9     | 5   | 1   | 5    |
| 3-stage theory (14)                         | 2       | 3       | 4  | 2     | 5   |     |      |
| **With or without moderators**              |         |         |    |       |     |     |      |
| With moderators (54)                        | 22      | 5       | 7  | 15    | 8   | 1   | 3    |
| Without moderators (61)                     | 16      | 7       | 8  | 14    | 11  | 2   | 7    |
| **Moderators**                              |         |         |    |       |     |     |      |
| Firm characteristics (22)                   | 8       | 4       | 3  | 5     | 2   |     | 2    |
| Home country context (12)                   | 7       |         | 4  |       | 1   |     | 1    |
| Strategy (29)                               | 10      | 2       | 4  | 10    | 7   |     |      |

**Notes:** Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.
In total, 38 studies out of 115 explicitly state that they investigate emerging markets. Between 1988 and 1998, there was only one study with an emerging market setting. During the following decade there were 10 studies, and the decade after that there were 24. The most dominant identified shapes of the M–P relationship were positive linear (9 studies) and inverted-U shaped (8 studies). This indicates that, as with many other field of research, emerging markets have become more and more relevant to the research setting and are likely to continue to grow in importance in the future. Overall, positive linear and inverted-u shaped relationships are the dominant forms throughout the different research settings. Nevertheless, no consistent linear or nonlinear pattern is observed for the M–P relationship when investigating different countries. Furthermore, there is no difference in papers focusing on single or multiple countries (see Table 4).

Table 5.

| Country/region by shape of the M–P relationship | POS LIN | NEG LIN | U | INV U | S | M | NONE | No. of published articles |
|------------------------------------------------|--------|--------|---|-------|---|---|------|-------------------------|
| USA                                            |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 12     | 4      | 3 | 14    | 8 | 5 | 44   |                         |
| 1988–1998                                      | 1      |        | 3 | 1     | 3 | 8 | 2    |                         |
| 1999–2009                                      | 6      | 1      | 2 | 7     | 3 | 1 | 16   |                         |
| 2010–2021                                      | 5      | 2      | 1 | 4     | 4 | 1 | 18   |                         |
| Europe                                         |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 13     | 3      | 5 | 13    | 7 | 2 | 41   |                         |
| 1988–1998                                      | 1      |        | 1 |       | 2 | 4 | 2    |                         |
| 1999–2009                                      | 4      | 1      | 2 | 3     | 1 | 1 | 11   |                         |
| 2010–2021                                      | 7      | 2      | 3 | 9     | 6 | 2 | 24   |                         |
| Asia                                           |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 19     | 6      | 5 | 13    | 5 | 5 | 49   |                         |
| 1988–1998                                      | 1      |        | 1 |       | 3 | 5 | 6    |                         |
| 1999–2009                                      | 5      | 2      | 3 | 4     | 2 | 15 |     |                         |
| 2010–2021                                      | 14     | 4      | 2 | 9     | 3 | 2 | 31   |                         |
| Other countries                                 |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 10     | 1      | 1 | 5     | 3 | 1 | 21   |                         |
| 1988–1998                                      | 6      | 1      | 2 | 1     | 7 |    |      |                         |
| 1999–2009                                      | 4      | 1      | 2 | 3     | 1 | 10 |     |                         |
| 2010–2021                                      | 6      | 3      | 2 | 1     | 2 | 14 |     |                         |
| Emerging market countries                      |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 13     | 4      | 3 | 11    | 4 | 3 | 38   |                         |
| 1988–1998                                      | 1      |        |   |       | 1 |    | 1    |                         |
| 1999–2009                                      | 4      | 1      | 2 | 3     | 1 | 10 |     |                         |
| 2010–2021                                      | 9      | 3      | 1 | 8     | 1 | 3 | 24   |                         |
| Multiple countries; comparative studies        |        |        |   |       |   |   |      |                         |
| 1977–1987                                      | 11     | 2      | 0 | 11    | 4 | 0 | 32   |                         |
| 1988–1998                                      | 1      |        |   |       | 2 | 3 | 6    |                         |
| 1999–2009                                      | 5      | 1      | 5 | 1     | 1 | 11 |     |                         |
| 2010–2021                                      | 6      | 1      | 5 | 3     | 3 | 17 |     |                         |

Notes: Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.
3.2 Sample characteristics

Concerning characteristics of the samples used in the empirical studies, 7% of the studies solely investigate small- and medium-sized firms, while 45% focus on large firms. As many large firms might be publicly listed, financial information is easier to obtain from their annual reports than for small- and medium-sized firms. This might explain an overrepresentation of large firms in previous empirical studies. Interestingly, 27% of the studies were not clear in reporting the size of the firm. Comparing firm size with the identified relationship shapes, no clear pattern can be observed. Interestingly, the category for large firms is the largest group in the sample and finds all the different relationships except for an M-shape. Again, positive linear and inverted-U shaped relationships are the most commonly identified M–P relationships for empirical studies investigating large firms. However, it may simply mean that none of the studies tested for the M-shape. Those studies that have not stated any firm size explicitly found an S-shaped relationship as the second most prominent relationship identified (after positive linear).

Concerning industry, there is a bias toward manufacturing firms. Forty-four studies solely consider manufacturing, whereas only 14 solely look at the service industry. Thirty-six are blended studies and 20 do not reveal the industry the study was investigating. Comparing the different shapes to the industries, no clear pattern is observed (see Table 6). All industries are represented in every category, except for the M-shaped relationship.

### Table 6

| Industry by shape of the M–P relationship | POS LIN | NEG LIN | INV U | U | S | M | NONE | No. of published articles |
|------------------------------------------|--------|--------|-------|---|---|---|-------|--------------------------|
| Manufacturing                            | 12     | 5      | 2     | 14| 8 | 3 | 4    | 44                       |
| 1977–1987                                | 1      | 1      |       |   |   |   |      | 2                        |
| 1988–1998                                |        |        | 2     |   |   |   | 3    | 5                        |
| 1999–2009                                | 6      | 2      | 1     | 3 | 4 |   |      | 14                       |
| 2010–2021                                | 5      | 2      | 1     | 9 | 4 | 3 | 1    | 23                       |
| Service                                  | 4      | 2      | 2     | 3 | 4 |   | 1    | 14                       |
| 1977–1987                                |        |        | 1     | 1 | 1 | 1 |      | 5                        |
| 1988–1998                                | 1      | 2      | 1     | 2 | 3 |   |      | 9                        |
| 1999–2009                                | 3      | 2      | 1     | 2 | 3 |   |      | 36                       |
| 2010–2021                                | 12     | 3      | 7     | 10| 5 | 3 | 3    | 36                       |
| Manufacturing and service                 |        |        | 1     | 1 |   | 1 |      | 2                        |
| 1977–1987                                | 5      | 4      | 4     | 1 |   |   |      | 11                       |
| 1988–1998                                | 1      | 3      | 3     | 6 | 3 | 2 |      | 23                       |
| 1999–2009                                | 9      | 2      | 4     | 2 | 2 |   |      | 20                       |
| 2010–2021                                | 7      | 2      | 4     | 2 | 2 |   |      | 20                       |
| Not stated                               | 9      | 2      | 4     | 2 | 2 |   |      | 20                       |
| 1977–1987                                | 6      | 1      | 2     | 1 | 2 |   |      | 10                       |
| 1988–1998                                | 1      | 1      | 2     | 1 | 1 |   |      | 6                        |
| 1999–2009                                | 1      | 1      | 2     | 1 | 1 |   |      | 6                        |
| 2010–2021                                | 6      | 1      | 2     | 1 | 2 |   |      | 10                       |

**Notes:** Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.
Between 2010 and 2021, there were three published articles finding an M-shaped $M$–$P$ relationship for manufacturing firms.

When comparing the time-span of the samples in each of the empirical studies, no pattern emerges. As can be seen in Table 6, papers divided into long-term perspective (from 7 years up to 35 years) and short-term perspective (from 1 year up to 6 years) are quite homogenously distributed. Though, there is a slight trend for long-term perspective studies to more frequently find an S-shaped relationship. This could be explained with that to identify an S-shaped $M$–$P$ relationship, longitudinal data is required, to fully plot an S-shaped relationship.

3.3 Underlying theories

Within the internationalization process literature, multiple theories have been applied to explain both the benefits and drawbacks of an increased degree of multinationality and its effect on performance. Although many studies apply different theories in an attempt to explain the assumed causal relationship between multinationality and performance, there are no conclusive results connected to the use of the underlying theory. However, certain trends can be observed. For example, it is not surprising that no study using the resource-based view found a negative linear relationship between $M$ and $P$. Although the sample is quite small, the logics behind the resource-based view, advocating for benefits of internationalization stemming from the exploitation of firm strategic advantages, indicates a positive relationship. Finding a negative linear relationship would contradict the theory.

Economic theories, such as transaction-cost theory, mainly found a positive linear and an inverted-U shaped $M$–$P$ relationship. Interestingly, only 1 out of 41 studies using an economic theory found no relationship at all. Table 7 provides a detailed account of the theories and the identified shapes of the $M$–$P$ relationship over the years.

3.4 Measures of multinationality and performance

Findings related to the broad variety of measures used for both key variables are presented in Table 8. To capture the depth of the key variable Multinationality, it was split into structural, financial and index-based measurements. Financial measurements are the most dominant (64%), followed by structural (37%) and index-based measures (23%). The ratio between foreign sales to total sales is the key financial measure for multinationality, employed in 84% of the studies. The number of foreign subsidiaries is measured in 58% of the studies and is the leading measure for structural multinationality. For index-based measures, an entropy measure is most popular.

For the key variable Performance, we followed Hult et al. (2008), and split the performance measure into financial performance, operational performance and overall performance. By far (110 studies), financial performance is the dominant measure. The most popular measurement for financial performance is return on assets (57%). Comparing the different types of measures, no patterns are identified concerning the M–P relationship. Note that many studies use multiple measures, so the totals exceed the 115 papers included in Table 8.

3.5 Moderators

M–P research strongly suggests a dynamic relationship that requires going beyond simple linear explanations (Lu and Beamish, 2004). Given their fundamental importance to understanding the M–P relationship, we documented all moderating variables. We report a detailed record in Appendix 4. In total, 54 out of the 115 empirical studies (i.e. 47%) have introduced at least one moderator, and 90 unique moderators are identified. It is important to
note that, although researchers sometimes use the same moderators, the measurements are different. Given the sensitivity to context and measurement, it is no surprise that the findings are inconsistent. No patterns connected to the identified shapes of the M–P relationship are identified. Furthermore, there is no difference between papers that include

| Theories by shape of the M–P relationship |
|------------------------------------------|
| POS LIN | NEG LIN | U | INV | U | S | M | NONE | No. of published articles |
|-----------------|--------|---|-----|---|---|---|-----|--------------------------|
| Economic theories | 15 | 5 | 4 | 12 | 7 | 1 | 41 |
| 1977–1987 | 4 | 1 | 3 | 1 | 2 | 1 | 5 |
| 1988–1998 | 5 | 1 | 3 | 4 | 3 | 1 | 13 |
| 1999–2009 | 9 | 3 | 1 | 5 | 3 | 1 | 22 |
| 2010–2021 | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| Behavioral theories | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| 1977–1987 | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| 1988–1998 | 5 | 2 | 3 | 1 | 2 | 1 | 13 |
| 1999–2009 | 5 | 2 | 3 | 1 | 2 | 1 | 13 |
| 2010–2021 | 5 | 5 | 1 | 6 | 3 | 2 | 2 | 24 |
| Resource-based view | 8 | 3 | 6 | 3 | 1 | 2 | 24 |
| 1977–1987 | 8 | 3 | 6 | 3 | 1 | 2 | 24 |
| 1988–1998 | 4 | 2 | 2 | 1 | 1 | 10 |
| 1999–2009 | 4 | 1 | 2 | 2 | 1 | 1 | 12 |
| 2010–2021 | 5 | 5 | 1 | 6 | 3 | 2 | 2 | 24 |
| Phenomenon-driven | 9 | 3 | 4 | 9 | 5 | 1 | 5 | 32 |
| 1977–1987 | 9 | 3 | 4 | 9 | 5 | 1 | 5 | 32 |
| 1988–1998 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 1999–2009 | 6 | 1 | 2 | 6 | 3 | 1 | 14 |
| 2010–2021 | 1 | 2 | 2 | 2 | 1 | 1 | 11 |
| 3-stage theory | 2 | 3 | 4 | 2 | 5 | 0 | 14 |
| 1977–1987 | 2 | 3 | 4 | 2 | 5 | 0 | 14 |
| 1988–1998 | 1 | 3 | 1 | 2 | 1 | 7 |
| 1999–2009 | 1 | 3 | 1 | 2 | 1 | 7 |
| No. of published articles | 1 | 3 | 1 | 2 | 1 | 7 |

**Notes:** Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.

| Overview of the performance and multinationality measurements used in the studies |
|----------------------------------------|
| Multinationality | Performance |
|-----------------|-------------|-------------|-------------|-------------|
| Structural | Financial | Index-based | Financial | Operational | Overall effectiveness |
| Number of studies | 43 | 74 | 26 | 110 | 11 | 4 |
| Commonly used measures in % | Number of foreign subsidiaries 58% | FSTS 84% | Entropy measure 38% | ROA 57% | Survey questions 18% | Survey questions 100% |

| Table 7. |
| Theories by shape of the M–P relationship |
|-----------------|--------|---|-----|---|---|---|-----|--------------------------|
| POS LIN | NEG LIN | U | INV | U | S | M | NONE | No. of published articles |
|-----------------|--------|---|-----|---|---|---|-----|--------------------------|
| Economic theories | 15 | 5 | 4 | 12 | 7 | 1 | 41 |
| 1977–1987 | 4 | 1 | 3 | 1 | 2 | 1 | 5 |
| 1988–1998 | 5 | 1 | 3 | 4 | 3 | 1 | 13 |
| 1999–2009 | 9 | 3 | 1 | 5 | 3 | 1 | 22 |
| 2010–2021 | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| Behavioral theories | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| 1977–1987 | 10 | 7 | 4 | 8 | 6 | 2 | 3 | 40 |
| 1988–1998 | 5 | 2 | 3 | 1 | 2 | 1 | 13 |
| 1999–2009 | 5 | 2 | 3 | 1 | 2 | 1 | 13 |
| 2010–2021 | 5 | 5 | 1 | 6 | 3 | 2 | 2 | 24 |
| Resource-based view | 8 | 3 | 6 | 3 | 1 | 2 | 24 |
| 1977–1987 | 8 | 3 | 6 | 3 | 1 | 2 | 24 |
| 1988–1998 | 4 | 2 | 2 | 1 | 1 | 10 |
| 1999–2009 | 4 | 1 | 2 | 2 | 1 | 1 | 12 |
| 2010–2021 | 5 | 5 | 1 | 6 | 3 | 2 | 2 | 24 |
| Phenomenon-driven | 9 | 3 | 4 | 9 | 5 | 1 | 5 | 32 |
| 1977–1987 | 9 | 3 | 4 | 9 | 5 | 1 | 5 | 32 |
| 1988–1998 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 1999–2009 | 6 | 1 | 2 | 6 | 3 | 1 | 14 |
| 2010–2021 | 1 | 2 | 2 | 2 | 1 | 1 | 11 |
| 3-stage theory | 2 | 3 | 4 | 2 | 5 | 0 | 14 |
| 1977–1987 | 2 | 3 | 4 | 2 | 5 | 0 | 14 |
| 1988–1998 | 1 | 3 | 1 | 2 | 1 | 7 |
| 1999–2009 | 1 | 3 | 1 | 2 | 1 | 7 |
| No. of published articles | 1 | 3 | 1 | 2 | 1 | 7 |
moderators and papers that do not include moderators. Again, positive linear and inverted U-shaped M–P relationships are marginally more common than the other shapes, although all shapes are represented. However, it is evident that adding moderators to the model became more popular during the past 12 years than it was before.

In the examination of the moderators, it is possible to identify and group them into three clusters based on shared features, which are shown in Appendix 4. The first cluster includes moderators that are commonly listed as firm characteristics (Kogan and Tian, 2012; Subrahmanyam and Titman, 2001; Zou and Stan, 1998). For example, the size of the firm (Fisch, 2012; Kirca et al., 2012; Singla and George, 2013), the age of the firm (Singla and George, 2013) or business group affiliations (Gaur and Kumar, 2009; Kim et al., 2004; Singla and George, 2013). The second cluster is associated with factors usually described as the institutional or the home-country context (Devinney et al., 2010; Ghemawat, 2001; Scott, 2008). For example, home-country legal institutions (Li and Yue, 2008; Marano et al., 2016), home-country political stability (Chao and Kumar, 2010; Tan and Chintakananda, 2016) and home-country governance (Chao and Kumar, 2010; Li and Yue, 2008). In the last cluster, the moderators are linked to strategic decisions a firm makes in diverse areas, and includes, for example, advertising intensity (Kirca et al., 2016; Lu and Beamish, 2004), R&D intensity (Bae et al., 2008; Berry and Kaul, 2016; Kirca et al., 2016; Kotabe et al., 2002; Lu and Beamish, 2004; Pattnaik and Elango, 2009) and entry mode decisions (Jain and Prakash, 2016). The three clusters have been compared for patterns, but again, no clear pattern emerges (see Table 9).

In sum, there is a broad variety of moderators that have a positive, negative or no effect on the M–P relationship. It is interesting to see that although many researchers use the same moderators, the results are different. Hence, the random use of moderating variables has made it difficult to identify consistent patterns in relation to the identified shape of the M–P relationship.

4. Concluding remarks
4.1 Discussion
This literature review and content analysis encompasses the 115 most relevant empirical studies published over the past 44 years on the relationship between multinationality and performance at the firm level. Categorizing for different research settings, measurements, theories and moderators, we search for patterns that may explain the variety of incongruent findings in the extant literature. We test for patterns through cross-tabulation analysis and chi-square tests. Our findings challenge the prevalent belief in the international business literature that a direct and overall positive relationship exists for multinationality on performance.

First, we investigated different research settings, defined as different countries or regions, and found no clear linear or nonlinear pattern for identified shapes of the M–P relationship, neither from the content analysis nor from the cross-tabulation analysis. This includes single and multiple country settings. We conclude that there are no systematic patterns between the type of research setting and the nature of the M–P relationship.

Second, for sample characteristics we compared firm size and industry to the shape of the M–P relationship. We also considered whether the data represented a short-term (up to and including 6 years) or long-term (7–35 years) perspective. Many studies claim that firm-specific characteristics of small- and medium-sized enterprises (SMEs) impact their internationalization (Cavusgil and Knight, 2015; Chetty and Campbell-Hunt, 2004; Hilmersson and Johanson, 2020; Hilmersson et al., 2022). Size is a boundary condition to firm internationalization as size often implies limited resources, including assets, finances and infrastructure (Knight and Kim, 2009). However, size also impacts firm governance, organization and decision-making (Verbeke and Ciravegna, 2018). Given this, it is somewhat surprising that we could not identify any patterns in the content analysis or the cross-
tabulation analysis. The limited number of articles in the size category may very well have contributed to not finding significant patterns in our data. Another explanation may be the diversity of definitions and measures of SMEs (Zahoor et al., 2020), what Child et al. (2022) describe as inconsistencies in conceptualizing SMEs. We conclude that sample characteristics do not systematically influence the shape of the relationship between multinationality and performance. One common problem concerning samples, and thus results, lies in the ambiguity of definitions and measures of sample characteristics. That is, ambiguity in the sample creates ambiguity in the results (Sumpter et al., 2019). Klein and Delery (2012, p. 58) explain it as, “(…) the most serious consequence of construct ambiguity is the lack of confidence that can be placed in the conclusions drawn from the extant literature.”

Third, we scrutinized the underlying theories applied to explain the relationship between multinationality and performance. The several shapes of the relationship are explained by the authors utilizing many different and sometimes contradicting theories. Among others, the most popular explanations are derived from transaction cost theory, internalization

### Table 9. Moderators by shape of the M–P relationship

|                      | POS LIN | NEG LIN | U   | INV U | S  | M   | NONE | No. of published articles |
|----------------------|---------|---------|------|-------|----|-----|------|--------------------------|
| **With moderators**  |         |         |      |       |    |     |      |                          |
| 1977–1987            | 22      | 5       | 7    | 15    | 8  | 1   | 3    | 54                       |
| 1988–1998            |         |         |      |       |    |     |      |                          |
| 1999–2009            | 7       | 2       | 4    | 3     | 3  |     | 1    | 2                        |
| 2010–2021            | 15      | 3       | 3    | 11    | 5  | 1   | 2    | 37                       |
| **Without moderators**|        |         |      |       |    |     |      |                          |
| 1977–1987            | 16      | 7       | 8    | 14    | 11 | 2   | 7    | 61                       |
| 1988–1998            |         |         |      |       |    |     |      |                          |
| 1999–2009            | 6       | 1       | 4    | 6     | 4  |     | 1    | 21                       |
| 2010–2021            | 7       | 5       | 4    | 6     | 6  | 2   | 3    | 29                       |
| **Firm characteristics** |     |         |      |       |    |     |      |                          |
| 1977–1987            | 8       | 4       | 3    | 5     | 2  |     | 2    | 22                       |
| 1988–1998            |         |         |      |       |    |     |      |                          |
| 1999–2009            | 2       | 1       | 3    | 1     | 1  |     | 3    | 12                       |
| 2010–2021            | 8       | 3       | 2    | 5     | 2  |     | 2    | 20                       |
| **Home country context** |     |         |      |       |    |     |      |                          |
| 1977–1987            | 1       | 1       | 1    | 1     |     |     | 1    | 12                       |
| 1988–1998            |         |         |      |       |    |     |      |                          |
| 1999–2009            | 2       | 1       |     | 2     | 2  |     | 2    | 9                        |
| 2010–2021            | 5       | 3       | 1    | 1     | 9  |     |      | 29                       |
| **Strategy**         | 10      | 2       | 4    | 10    | 7  |     |      | 29                       |
| 1977–1987            |         |         |      |       |    |     |      |                          |
| 1988–1998            | 1       | 1       | 1    | 1     |     |     | 1    | 11                       |
| 1999–2009            | 5       | 1       | 3    | 2     | 3  |     | 11   | 17                       |
| 2010–2021            | 5       | 1       | 1    | 7     | 4  |     | 17   | 29                       |

**Notes:** Some papers have either found multiple different shapes or have not made a clear statement about the identified shape of the relationship. Therefore, the amount of papers published per period does not match the total amount of identified shapes per period. POS LIN = The paper has found a positive linear relationship between M and P; NEG LIN = The paper has found a negative linear relationship between M and P; U = The paper has found a U-shaped relationship between M and P; INV U = The paper has found an inverted U-shaped relationship between M and P; S = The paper has found a S-shaped relationship between M and P; M = The paper has found a M-shaped relationship between M and P; NONE = The paper has found no relationship between M and P.
theory and the resource-based view of the firm. All theories share the common denominator that multinationality affects performance. Interestingly, almost all the theories have results across the spectrum of shapes of the relationship, leading us to conclude that there is no systematic relationship between the applied theory and the shape of the multinationality and performance relationship. This finding is in line with several researchers arguing that there is no systematic relationship between the two concepts (cf. Hennart, 2007; Rugman et al., 2016). The results of the cross-tabulation analysis support this conclusion. However, one interesting observation is the lack of consideration of the individual manager playing a vital role in the decision-making process concerning internationalization. Bridging the existing macro-level theories with micro-level foundations would allow for a more detailed understanding of how multinationality and performance interact (cf. Cowen et al., 2022).

Fourth, we examined the measurements used for multinationality and performance. We found that most of the studies applied financial measures for both concepts. Return on assets is most popular for performance and the ratio between foreign sales to total sales is the most popular for multinationality. The ease of access to this kind of financial data would explain these preferred measures, in spite of the possibility that they may not represent the most accurate depiction of the degree of multinationality or performance. Hult et al. (2008) advocate for incorporating operational performance and overall performance to compliment financial performance, thus depicting a more accurate and holistic view for measuring performance. We could not identify any statistically significant pattern between these types of measures and the shape of the relationship between multinationality and performance. One possible explanation is a lack of clarity when it comes to the definition and measurement of the constructs. There are limited discussions on what constitutes the constructs and how they are actually being measured (Klein and Delery, 2012; Suddaby, 2010). Promising progress has been made by Miller et al. (2016) who split multinationality into international intensity, international distance and international diversity to capture a more holistic picture of the different aspects that constitute multinationality. Giachetti and Spadafora (2017) suggest conformity in multinationality as a new measure that captures the extent to which a firm’s multinationality resembles the multinationality of its peers at a particular point in time. This allows for more comparative analyses of individual firms in relation to their competitors.

Last, we investigated the effect of different moderators or no moderator on the shape of the relationship between multinationality and performance. No patterns emerged. We conclude that there are no systematic effects of moderators on the shape of the multinationality and performance relationship. Although investigating different moderators is crucial for the development of future research (Zahoor et al., 2020), instead of enlarging the spectrum of applied moderators to the M–P relationship, it is imperative that researchers fundamentally question the nature and direction of the relationship between multinationality and performance.

4.2 Conclusions and suggestions for future research
We set out to explore reasons for inconsistent results in research on the M–P relationship. Given the absolute lack of any consistent results, our conclusion is that the relationship is so complex and contextually bound that it is neither possible nor fruitful to strive for a unifying theory. The content analysis shows that despite the variety of results there is consistency in the importance of the variables we have identified. The relationship between multinationality and performance can take many forms; however, it is an oversimplification of the relationship to examine it as simply two variables and a possible moderator.

The inconsistency may also be a function of the dynamics in the relationship. Internationalization is an evolving process, yet the vast majority of the published research relies on cross-sectional research designs. Findings at one time in the relationship will most
likely differ from findings at a different time, depending on where the relationship is in terms of the stage of the process. Frankly, the form of the relationship may simply be a function of the analytical choices made by the researchers. If the researchers are only testing linear relationships, then they may just see the linear part of what in actuality is a nonlinear relationship. This could even be a function of the available analytical tools and computing power. Future researchers should recognize that the relationship is a process taking different forms. There is no specific dominant form. The context specificity of the relationship makes general declarations difficult, if not impossible.

Over the past four decades, the M–P paradigm has been a major focus of practitioners and researchers (Elango and Sethi, 2007). Paradigms, to some degree, are immune to contradictory empirical evidence (cf. Håkanson and Kappen, 2017). By their nature, they are accepted as the established norm. Our findings concur with a growing body of evidence (cf. Hennart, 2011; Tallman and Pedersen, 2012; Verbeke and Brugman, 2009) that we are due for a paradigmatic shift (Kuhn and Hacking, 2012), which would allow the international business research field to develop in a fruitful new direction. Specifically, there is a small but growing literature arguing to turn the tables and investigate the performance–multinationality relationship (cf. Grant, 1987; Lu and Beamish, 2001, 2004; Morck and Yeung, 1991; Schmuck et al., 2022). A handful empirical studies have empirically investigated either a dual or a reversed causality (Grant et al., 1988; Hong Luan et al., 2013; Jung and Bansal, 2009). Though promising, the outcomes from these studies require further investigation.

We suggest that future research focus more on the process of internationalization rather than on the outcome. Although the goal of internationalization is to achieve a particular outcome, multiple contextual factors need to be considered in the model. Depending on, for example, financial assets, strategic decisions or time since the founding of the company, firms reside in different stages of their internationalization processes. Taking cross-sectional observations fails to properly represent the process, distorting general conclusions. Moreover, a successful and sustainable internationalization process should be the focus of strategic decision making, rather than potential financial gains or losses. After all, as other literature reviews have shown, and as our findings show, after 44 years the international business research community still cannot agree on the effect of multinationality on firm performance. A theme for future consideration is to capture the time dimension in the internationalization process and the effect of time on performance. That is, the speed and timing of internationalization (Hilmersson et al., 2017; Hult et al., 2020).

We have endeavored to provide an overview and classification of the M–P moderators. Due to the large diversity in the moderators, we suggest researchers use more diligence in selecting and measuring moderators, multinationality and performance. In sum, we do not see a fruitful future for research on the M–P relationship, as long as researchers continue to rely on the dominant paradigm and other underlying assumptions. We advocate a critical reevaluation of the current oversimplifications of the M–P relationship and suggest future research to critically assess the choices of theories, methods, models and statistical analyses.

Notes

1. Previous literature reviews have dedicated a lot of attention to the different shapes of the M–P relationship. In particular, Cardinal et al. (2011) and Nguyen and Kim (2020) provide a detailed description and analysis of the different shapes of the M–P relationship found in previous research.

2. The conceptual papers are Contractor (2012), Hennart (2007), Hitt et al. (1994), Richter et al. (2017), Verbeke and Brugman (2009), Verbeke et al. (2009) and Yildiz (2013).
3. The literature reviews are Cardinal et al. (2011), Glaum and Oesterle (2007), Hennart (2011), Hult et al. (2008), Jiang et al. (2020), Li (2007), Nguyen (2017), Nguyen and Kim (2020), Tallman and Pedersen (2012) and Verbeke and Forootan (2012).

4. The meta-analyses are Bausch and Krist (2007), Geleilate et al. (2016), Kirca et al. (2011), Kirca et al. (2012), Marano et al. (2016), Palich et al. (2000a) and Yang and Driffield (2012).

5. Elango (2006) identified a positive linear relationship for service firms, and an inverted U-shaped relationship for manufacturing firms.

6. Elango and Sethi (2007) identified a positive linear relationship for firms operating in countries with relatively small economies and which have extensive trade in their economy, and an inverted U-shaped relationship for firms in countries with larger economies which have relatively moderate trade in their economy.

7. Banalieva and Sarathy (2011) identified a positive linear relationship for non-electronic emerging market multinational firms, and an inverted U-shaped relationship for electronic emerging market multinational firms.

8. Benito-Osorio et al. (2016) identified a negative linear relationship for small and medium-sized firms, an U-shaped relationship for medium-sized firms and an S-shaped relationship for large firms. Moreover, they found an S-shaped relationship for all firms included in their sample.

9. Sun et al. (2019) identified an U-shaped relationship for firms with low marketing capabilities and an inverted U-shaped relationship for firms with high marketing capabilities.

10. Shin et al. (2017) identified an U-shaped relationship for capital-intensive service firms, an inverted U-shaped relationship for knowledge-intensive service firms and an inverted S-shaped relationship for the whole sample of service firms.

11. The statistical analysis used by Dikova and Veselova (2021) did not allow for making conclusions on the relationship between multinationality and firm performance.

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### Appendix 1

| General Management, ethics and social responsibility | hits | included | (%) |
|------------------------------------------------------|------|----------|-----|
| Academy of Management Journal (4*)                  | 32   | 5        | 3.60|
| Academy of Management Review (4*)                   | 4    | 0        | 0   |
| Administrative Science Quarterly (4*)                | 3    | 0        | 0   |
| Journal of Management (4*)                           | 14   | 2        | 1.44|
| British Journal of Management (4)                    | 7    | 2        | 1.44|
| Business Ethics Quarterly (4)                        | 1    | 0        | 0   |
| Journal of Management Studies (4)                    | 14   | 0        | 0   |
| Academy of Management Perspectives (3)               | 3    | 0        | 0   |
| Business and Society (3)                             | 4    | 0        | 0   |
| European Management Review (3)                       | 2    | 0        | 0   |
| International Journal of Management Reviews (3)      | 3    | 1        | 0.72|
| Journal of Business Ethics (3)                       | 13   | 0        | 0   |
| Journal of Business Research (3)                     | 51   | 6        | 4.32|
| Business Horizons (2)                                | 1    | 0        | 0   |
| Canadian Journal of Administrative Sciences (2)      | 4    | 0        | 0   |
| European Business Review (2)                         | 3    | 1        | 0.72|
| European Management Journal (2)                      | 10   | 2        | 1.44|
| International Studies of Management and Organization (2) | 3    | 1        | 0.72|
| Journal of General Management (2)                    | 2    | 0        | 0   |
| Journal of Intellectual Capital (2)                  | 2    | 0        | 0   |
| Management Decision (2)                              | 15   | 2        | 1.44|
| Scandinavian Journal of Management (2)                | 1    | 0        | 0   |
| **Subtotal**                                         | **192** | **22** | **15.83** |

| International business and area studies               | hits | included | (%) |
|------------------------------------------------------|------|----------|-----|
| Journal of International Business Studies (4*)       | 79   | 11       | 7.92|
| Journal of World Business (4)                        | 44   | 10       | 7.20|
| Asia Pacific Journal of Management (3)                | 9    | 3        | 2.16|
| International Business Review (3)                    | 90   | 16       | 11.51|
| Journal of Common Market Studies (3)                  | 2    | 0        | 0   |
| Journal of International Management (3)               | 30   | 8        | 5.76|
| Management and Organization Review (3)                | 5    | 3        | 2.16|
| Management International Review (3)                   | 62   | 24       | 17.27|
| Asian Business and Management (2)                     | 1    | 1        | 0.72|
| Asia Pacific Business Review (2)                      | 2    | 0        | 0   |
| Critical Perspectives on International Business (2)    | 4    | 1        | 0.72|
| Multination Business Review (2)                       | 24   | 15       | 10.79|
| Thunderbird International Business Review (2)         | 15   | 4        | 2.88|
| **Subtotal**                                         | **367** | **96** | **69.06** |

| Strategy                                             | hits | included | (%) |
|------------------------------------------------------|------|----------|-----|
| Strategic Management Journal (4*)                    | 62   | 9        | 6.47|
| Global Strategy Journal (3)                          | 18   | 11       | 7.92|
| Long Range Planning (3)                              | 7    | 0        | 0   |
| Business Strategy and the Environment (2)            | 3    | 0        | 0   |
| Journal of Economics and Management Strategy (2)     | 1    | 0        | 0   |
| Strategic Change (2)                                 | 2    | 0        | 0   |

*Table A1.* Overview of initial hits and included articles per journal (continued)
### Table A1.

| Journal                                                                 | Hits | Included | (%)  |
|------------------------------------------------------------------------|------|----------|------|
| Technology Analysis and Strategic Management (2)                       | 2    | 0        | 0    |
| Subtotal                                                              | 95   | 20       | 14.39|
| Total                                                                 | 654  | 139      | 100  |

**Notes:** Latest ranking according to the Academic Journal Guide 2015 in brackets behind the journal name. The following journals had no initial hits and are therefore excluded from this table: General management, ethics and social responsibility: *California Management Review* (3), *Harvard Business Review* (3), *Journal of Management Inquiry* (3), *MIT Sloan Management Review* (3), *Business Ethics: A European Review* (2), *Competition and Change* (2), *Journal of Revenue and Pricing Management* (2); International business and area studies: *African Affairs* (3), *China Quarterly* (2), *Emerging Markets Review* (2), *Eurasian Geography and Economics* (2), *Europe-Asia Studies* (2), *Journal of Latin American Studies* (2), *Journal of Modern African Studies* (2), *Journal of World Trade* (2), *Third World Quarterly* (2), *Transnational Corporations* (2); Strategy: *Strategic Organization* (3), *Advances in Strategic Management* (2).
Appendix 2
Search protocol and creation of database, with selection and exclusion criteria:

(1) Full search of articles in the databases Web of Science and Business Source Premier with the following restrictions:
   - Time period 1977-01-01 to 2021-12-31
   - Peer-reviewed journal articles only
   - Journals that are ranked 2 or higher in the Chartered Association of Business Schools Academic Journal Guide 2015 ranking (for a detailed list, please refer to Appendix A)
   - Keyword search in title field of a record, with the search string [(multinational* OR international*) AND performance]. Initial search results: \( n = 491 \) articles
   - Keyword search in title field of a record, with the search string [((region* OR geographic*) diversification) AND performance]. Initial search results (after deleting duplicates): \( n = 152 \) articles
   - Keyword search in title field of a record, with the search string [(transnational* OR “born global*”) AND performance]. Initial search results (after deleting duplicates): \( n = 11 \)
   - Total of initial search results: \( n = 654 \) articles

(2) Downloading the bibliographic information (title, year, author, abstract, journal) of the 654 articles into the EndNote reference manager software and exporting into an excel file to create a database

(3) Manual reading and checking of all articles included in the initial database against the following exclusion criteria:
   - Studies using one of the key concepts multinationality or firm performance as a moderator or control variable (16 articles)
   - Studies not measuring corporate performance
   - Studies measuring different kinds of performance (e.g. corporate social performance, or environmental performance) (110 articles)
   - Studies where the unit of analysis is not on a firm level (e.g. subsidiary performance) (36 articles)
   - Studies measuring different kinds of diversification (e.g. product diversification, or board diversification) (92 articles)
   - Studies not using both key concepts multinationality and firm performance as key variables (261 articles)
   - Total of articles that fulfilled the selection criteria: \( n = 139 \) articles

(4) Selection of empirical articles, due to the focus of the literature review
   - Exclusion of conceptual papers (7 articles)
   - Exclusion of literature reviews (10 articles)
   - Exclusion of meta-analyses (7 articles)
   - Final sample: \( n = 115 \) articles
| # | Study | Theoretical perspective | Dependent variable | Independent variable | Moderators included | Relationship |
|---|-------|-------------------------|---------------------|----------------------|---------------------|--------------|
| 1 | Grant (1987) | Phenomenon driven | ROA, ROE, ROS | FSTS | no | Positive linear |
| 2 | Kim et al. (1989) | Economic theory | OPM, ROA | Entropy measure for DOI | no | Positive linear |
| 3 | Riahi-Belkaoui (1996) | Phenomenon driven | ROA | FSTS | no | Positive linear |
| 4 | Ramirez-Aleson and Espitia-Escuer (2001) | Resource-based view | Tobin’s Q, ROA | FORSUB | no | Positive linear |
| 5 | Kotabe et al. (2002) | Resource-based view | ROA, OPSALINV | FITI | yes | Positive linear |
| 6 | Andersen and Foss (2005) | Resource-based view | Survey-based measure for performance | FSTS | yes | Positive linear |
| 7 | Tongli et al. (2005) | Phenomenon driven | ROA, Tobin’s Q, share price | Entropy measure for DOI | no | Positive linear |
| 8 | Hsu (2006) | Economic and behavioral theories | ROE | FSTS | yes | Positive linear |
| 9 | Chari et al. (2007) | Internalization theory | Tobin’s Q | FSTS, FORSUB | yes | Positive linear |
| 10 | Li and Yue (2008) | Resource-based view | ROA, ROS | FSTS | yes | Positive linear |
| 11 | Pangarkar (2008) | Internationalization process and location theory | ROA, ROS | FSTS | no | Positive linear |
| 12 | Vanzin et al. (2008) | Phenomenon driven | ROA, ROE | Sales growth, NPM, labor productivity | no | Positive linear |
| 13 | Vaitsanen et al. (2009) | Foreign direct investment and Uppsala model | ROA | International price exposure | no | Positive linear |
| 14 | Lin et al. (2011) | Behavioural theory of the firm | ROA | FSTS, FATA, FORSUB | yes | Positive linear |
| 15 | Andersen (2012) | Eclectic paradigm | Downside risk, upside potential | FORSUB | no | Positive linear |
| 16 | Chao et al. (2012) | Institutional theory | ROA | FORSUB | yes | Positive linear |
| 17 | Tsao and Chen (2012) | Agency theory | ROA, Tobin’s Q | FSTS, FATA, FORSUB, composite measure for DOI | yes | Positive linear |
| 18 | Hsu et al. (2013) | Upper echelons theory and information processing theory | ROA | FSTS, FATA, composite measure for DOI | yes | Positive linear |
| 19 | Tsao and Lien (2013) | Agency theory | ROA, Tobin’s Q | FSTS, FATA, FORSUB, composite measure for DOI | yes | Positive linear |
| 20 | Yang et al. (2013) | Foreign direct investment | ROS | FORSUB | no | Positive linear |

(continued)
| #  | Study                        | Theoretical perspective                                                                 | Dependent variable | Independent variable | Moderators included | Relationship     |
|----|------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------|---------------------|------------------|
| 21 | O’Brien et al. (2014)        | Resource-based view, agency theory and transaction cost theory                           | Tobin’s Q          | Entropy measure for DOI | yes                 | Positive linear  |
| 22 | Tan and Chintakananda (2016) | Resource-based view and transaction cost theory                                         | ROA                | Entropy measure for DOI | yes                 | Positive linear  |
| 23 | Upadhyayula et al. (2017)    | Phenomenon driven                                                                       | Total sales per total employees | FORSUB              | yes                 | Positive linear  |
| 24 | Buckley and Tian (2017a)     | Internalization theory                                                                  | ROA                | FSTS                 | no                  | Positive linear  |
| 25 | Chang and Chung (2017)       | Unspecified                                                                             | ROA                | FSTS                 | no                  | Positive linear  |
| 26 | Dittfeld (2017)              | Unspecified                                                                             | ROA, Tobin’s Q     | FSTS, FATA           | yes                 | Positive linear  |
| 27 | Giachetti and Spadafora (2017)| Rivalry-based theories of imitation and information-based theories of imitation       | ROA                | FSTS, FORSUB         | no                  | Positive linear  |
| 28 | Batsakis et al. (2018)       | Resource dependence theory                                                             | ROA                | FSTS                 | yes                 | Positive linear  |
| 29 | Cuervo-Cazurra et al. (2018) | Organizational learning theory                                                          | EBITOA             | Dummy variable       | yes                 | Positive linear  |
| 30 | Fuad and Akbar (2018)        | Resource-based view                                                                     | ROE                | FSTS                 | no                  | Positive linear  |
| 31 | Cos et al. (2019)            | Unspecified                                                                             | FSTS               | Entropy measure      | no                  | Positive linear  |
| 32 | Tashman et al. (2019)        | Resource-based view                                                                     | ROS                | FSTS                 | yes                 | Positive linear  |
| 33 | Ioulianou et al. (2021)      | Real options theory                                                                     | A set of asymmetric performance measures | FORSUB             | yes                 | Positive linear  |
| 34 | Elango (2006)[5]             | Phenomenon driven                                                                       | GPM                | FSTS                 | yes                 | Positive linear, inverted U |
| 35 | Elango and Sethi (2007)[6]   | Phenomenon driven                                                                       | GPM, OPM           | FSTS                 | no                  | Positive linear, inverted U |
| 36 | Banalieva and Sarathy (2011)[7]| Transaction cost theory, new trade theory and three-stage theory                      | ROA                | FSTS                 | yes                 | Positive linear, inverted U |

(continued)
| #   | Study                                      | Theoretical perspective                                                                 | Dependent variable | Independent variable | Moderators included | Relationship                  |
|-----|-------------------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------|---------------------|-----------------------------|
| 37  | Zahra et al. (2000)                       | Foreign direct investment and organizational learning                                  | ROE                | FSTS                 | yes                 | Positive linear, Negative linear |
| 38  | Lu et al. (2015)                          | Contingency theory                                                                      | Survey-based measure for firm growth | FDI                 | yes                 | Positive linear, Negative linear |
| 39  | Michel and Shaked (1986)                  | Portfolio theory                                                                        | Risk-adjusted returns | FSTS                 | no                  | Negative linear              |
| 40  | Kim et al. (2004)                         | Power-dependence perspective                                                           | ROA                | FORSUB, number of regions in which the firm has subsidiaries | yes                 | Negative linear              |
| 41  | Banalieva and Santoro (2009)              | Internalization theory and eclectic paradigm                                            | ROA                | FSTS                 | no                  | Negative linear              |
| 42  | Li et al. (2011)                          | Institutional theory, Uppsala model, and three-stage theory                              | Tobin’s Q          | FSTS                 | yes                 | Negative linear              |
| 43  | Chen and Tan (2012)                       | Foreign direct investment and three-stage theory                                        | ROA                | FSTS, FATA, FOTO     | yes                 | Negative linear              |
| 44  | Singla and George (2013)                 | Internalization theory and transaction cost theory                                      | Profits-per-lawyer, revenue-per-lawyer | FOTO                | no                  | Negative linear              |
| 45  | Powell (2014)                             | Unspecified                                                                             | Tobin’s Q          | FORSUB               | no                  | Negative linear              |
| 46  | Ral-Trebacz et al. (2018)                 | New internalization theory                                                             | ROA, ROE           | FSTS                 | no                  | Negative linear              |
| 47  | Wei and Nguyen (2020)                     | Three-stage theory                                                                      | ROA                | FSTS                 | no                  | Negative linear, U-shaped, S-shaped |
| 48  | Benito-Osorio et al. (2016[8])            | Foreign direct investment                                                               | ROA                | FSTS                 | no                  | Negative linear, U-shaped, S-shaped |
| 49  | Lu and Beamish (2001)                     | Foreign direct investment                                                               | ROA, ROS           | FORSUB               | yes                 | U-shaped                     |

(continued)
| # | Study                                      | Theoretical perspective                                                                 | Dependent variable | Independent variable | Moderators included | Relationship       |
|---|-------------------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------|---------------------|-------------------|
| 50 | Capar and Kotabe (2003)                    | Resource-based view, internalization theory, and transaction cost theory                | ROS                | FSTS                 | no                  | U-shaped          |
| 51 | Ruigrok and Wagner (2003)                  | Locational choice theory, organizational evolution theory and global knowledge development theory | ROA                | FSTS                 | no                  | U-shaped          |
| 52 | Thomas (2006)                              | Resource-based view, internalization theory, three-stage theory and organizational learning | ROS                | FSTS                 | yes                 | U-shaped          |
| 53 | Contractor et al. (2007)                   | Three-stage theory                                                                      | ROA, ROE           | FSTS                 | no                  | U-shaped          |
| 54 | Gaur and Kumar (2009)                      | Three-stage theory                                                                      | ROS                | FSTS                 | yes                 | U-shaped          |
| 55 | Berry and Kaul (2016)                      | Phenomenon driven                                                                       | ROA                | FORSUB               | yes                 | U-shaped          |
| 56 | Garrido-Prada et al. (2019)                | Resource-based view and transaction cost theory                                        | EBITOA             | Entropy measure      | no                  | U-shaped          |
| 57 | Pangarkar and Yuan (2021)                  | Organizational learning                                                                 | ROA                | FORSUB               | yes                 | U-shaped          |
| 58 | Hsu and Boggs (2003)                       | Unspecified                                                                             | TAT, TAT, ROA, ROE | FSTS, FORSUB         | no                  | U-shaped, Inverted U-shaped, S-shaped |
| 59 | Sun et al. (2019)[9]                       | Internationalization theory                                                             | ROA                | FSTS, FORSUB         | yes                 | U-shaped, Inverted U-shaped, S-shaped |
| 60 | Chang and Wang (2007)                      | Transaction cost theory                                                                 | Tobin’s Q          | Entropy measure      | yes                 | U-shaped, Inverted U-shaped, S-shaped |
| 61 | Shin et al. (2017)[10]                     | Unspecified                                                                             | ROA                | FORSUB               | no                  | U-shaped, Inverted U-shaped, S-shaped |

Table A2. Patterns of inconsistency (continued)
| #  | Study                  | Theoretical perspective                                                                 | Dependent variable | Independent variable         | Moderators included | Relationship       |
|----|------------------------|----------------------------------------------------------------------------------------|--------------------|-------------------------------|---------------------|-------------------|
| 62 | Miller et al. (2016)   | Phenomenon driven                                                                       | ROA                | FSTS                          | no                  | U-shaped, S-shaped |
| 63 | Geringer et al. (1989) | Foreign direct investment                                                                | ROA                | FORSUB                        | no                  | Inverted U-shaped  |
| 64 | Tallman and Li (1996)  | Resource-based view and transaction cost theory                                         | ROS                | FSTS                          | no                  | Inverted U-shaped  |
| 65 | Hitt et al. (1997)     | Resource-based view, foreign direct investment, transaction cost theory, and organizational learning | ROA                | Entropy measure for DOI       | yes                 | Inverted U-shaped  |
| 66 | Gomes and Ramaswamy (1999) | Foreign direct investment                                                                 | ROA, OPSAL         | FSTS, FATA, FORSUB            | no                  | Inverted U-shaped  |
| 67 | Brock et al. (2006)    | Phenomenon driven                                                                       | ROS, PEP           | FSTS, FORSUB                  | no                  | Inverted U-shaped  |
| 68 | Qian et al. (2008)     | Resource-based view and transaction cost theory                                         | ROA, ROS           | FSTS, FATA, FETE              | no                  | Inverted U-shaped  |
| 69 | Garbe and Richter (2009) | Foreign direct investment, transaction cost theory, three-stage theory, organizational learning, and Uppsala model | ROS                | FATA, FETE, Berry index       | no                  | Inverted U-shaped  |
| 70 | Pattnaik and Elango (2009) | Resource-based view                                                                       | ROS                | FSTS                          | yes                 | Inverted U-shaped  |
| 71 | Chao and Kumar (2010)  | Institutional theory                                                                     | ROA                | FORSUB                        | yes                 | Inverted U-shaped  |
| 72 | Qian et al. (2010)     | Phenomenon driven                                                                       | ROA                | Entropy measure for DOI       | no                  | Inverted U-shaped  |
| 73 | Singh et al. (2010)    | Upper echelons literature                                                                | ROA                | FSTS                          | yes                 | Inverted U-shaped  |
| 74 | Elango (2012)          | Contingency theory                                                                       | OPM                | FSTS                          | yes                 | Inverted U-shaped  |
| 75 | Li et al. (2012)       | Resource-based view and transaction cost theory                                          | ROA, ROS           | FSTS, Entropy measure for DOI | no                  | Inverted U-shaped  |
| 76 | Chen et al. (2014)     | Phenomenon driven                                                                       | ROA                | FSTS                          | yes                 | Inverted U-shaped  |

(continued)
| #  | Study                                      | Theoretical perspective                                      | Dependent variable | Independent variable                      | Moderators included | Relationship |
|----|-------------------------------------------|------------------------------------------------------------|--------------------|-------------------------------------------|---------------------|--------------|
| 77 | de Jong and van Houten (2014)             | Resource-based view and transaction cost theory              | EBITOA             | Composite measure for DOI                 | yes                 | Inverted U-shaped |
| 78 | Chen et al. (2015)                        | Institutional theory                                         | ROE                | FSTS                                      | yes                 | Inverted U-shaped |
| 79 | Jain and Prakash (2016)                   | Eclectic paradigm                                           | ROS                | FORSUB                                    | yes                 | Inverted U-shaped |
| 80 | Kirca et al. (2016)                       | Internalization theory                                       | ROA, ROE           | FATA                                      | yes                 | Inverted U-shaped |
| 81 | Gu et al. (2018)                          | Foreign direct investment                                    | ROA                | FORSUB                                    | yes                 | Inverted U-shaped |
| 82 | Freixanet and Rialp (2022)                | Organizational learning                                      | ROS                | FSTS                                      | no                  | Inverted U-shaped |
| 83 | Lee and Hemmert (2021)                    | Knowledge-based view                                         | ROA                | FSTS                                      | no                  | Inverted U-shaped |
| 84 | Almodóvar and Rugman (2014)               | Organizational learning                                      | ROS                | FSTS                                      | no                  | Inverted U-shaped |
| 85 | Riahi-Belkaoui (1998)                     | Foreign direct investment, internalization theory, and eclectic paradigm | ROA                | FRTR                                      | no                  | S-shaped |
| 86 | Contractor et al. (2003)                  | Three-stage theory                                           | ROA, ROS           | FSTS, FETO, FOTO                          | no                  | S-shaped |
| 87 | Lu and Beamish (2004)                     | Phenomenon driven                                            | ROA                | Tbin's Q                                  | yes                 | S-shaped |
| 88 | Thomas and Eden (2004)                    | Foreign direct investment and international trade theory     | ROA, ROE, excess market value, average market value | FSTS, FATA, FORSUB | no                  | S-shaped |
| 89 | Ruigrok et al. (2007)                     | Mid-range contingency theory                                 | ROA                | FSTS                                      | no                  | S-shaped |
| 90 | Bae et al. (2008)                         | Resource-based view, internalization theory, and eclectic paradigm | ROA, ROS, ROE     | FSTS                                      | yes                 | S-shaped |
| 91 | Kumar and Singh (2008)                    | Uppsala model                                               | ROA, ROE           | FSTS                                      | no                  | S-shaped |

(continued)
| #  | Study                                      | Theoretical perspective                                                                 | Dependent variable | Independent variable | Moderators included | Relationship |
|----|-------------------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------|---------------------|--------------|
| 92 | Bobillo et al. (2010)                     | Resource-based view and social capital theory                                          | ROA                | FSTS                 | no                  | S-shaped     |
| 93 | Rugman and Oh (2010)                      | Internalization theory                                                                 | Tobin’s Q          | RSTS                 | no                  | S-shaped     |
| 94 | Fisch (2012)                              | Foreign direct investment, transaction cost theory and theory of information costs      | ROE                | Gini coefficient for DOI | yes                | S-shaped     |
| 95 | Oh and Contractor (2012)                  | Resource-based view and transaction cost theory                                        | Firm market value  | FSTS                 | yes                | S-shaped     |
| 96 | Outreville (2012)                         | Eclectic paradigm and Uppsala model                                                    | Combined ratio for performance | GSI                 | no                  | S-shaped     |
| 97 | Xiao et al. (2013)                        | Phenomenon driven                                                                      | ROA, ROS           | ESTS                 | yes                | S-shaped     |
| 98 | Oh et al. (2015)                          | Three-stage theory and regional multinational enterprise theory                         | ROA, ROE           | Entropy measure for DOI | yes                | S-shaped     |
| 99 | Abdi and Aulakh (2018)                    | Three-stage theory                                                                      | ROA                | FSTS                 | yes                | S-shaped     |
| 100| Almodóvar (2012)                          | Resource-based view and Uppsala model                                                  | ROS                | Export intensity     | no                  | M-shaped     |
| 101| Lee (2013)                                | Phenomenon driven                                                                      | ROE                | FSTS                 | yes                | M-shaped     |
| 102| Haar (1989)                               | Phenomenon driven                                                                      | Net profits to assets | FSTS             | no                  | No relationship |
| 103| Sambharya (1995)                          | Phenomenon driven                                                                      | ROA, ROS, ROE      | FSTS, FATA, FORSUB  | no                  | No relationship |
| 104| Peterson et al. (1996)                    | Phenomenon driven                                                                      | ROA, ROE           | Survey-based measure for DOI | no | No relationship |
| 105| Wan (1998)                                | Phenomenon driven                                                                      | ROE                | Entropy measure for DOI | yes | No relationship |
| 106| Brock and Yaffe (2008)                    | Resource-based view                                                                    | PEP                | FORSUB, percentage of lawyers abroad | no | No relationship |
| 107| Muñoz-Bullón and Sánchez-Bueno (2012)     | Phenomenon driven                                                                      | ROA                | Entropy measure for DOI | yes | No relationship |
| 108| Rugman et al. (2016)                      | New internalization theory                                                             | ROA                | FSTS                 | no                  | No relationship |
| 109| Borda et al. (2017)                       | Resource-based view and transaction cost theory                                        | ROA                | FSTS                 | yes                | No relationship |
| 110| Buckley and Tian (2017b)                 | Internalization theory                                                                 | ROA                | FSTS, FATA, FETE     | no                  | No relationship |

(continued)
| #  | Study                                      | Theoretical perspective                                                                 | Dependent variable | Independent variable | Moderators included | Relationship        |
|----|-------------------------------------------|-----------------------------------------------------------------------------------------|--------------------|----------------------|---------------------|---------------------|
| 111| Pisani et al. (2020)                      | Unspecified                                                                             | ROA                | FORSUB               | no                  | No relationship     |
| 112| Rugman (1983)                             | Internalization theory                                                                  | ROE                | FSTS                 | no                  | Not stated           |
| 113| Palich et al. (2000b)                     | International impediments theory                                                       | ROA, ROS           | FORSUB               | no                  | Not stated           |
| 114| Wiersema and Bowen (2011)                 | Resource-based view, foreign direct investment, three-stage theory and organizational learning | ESTS               | FORSUB               | no                  | Not stated           |
| 115| Dikova and Veselova (2021)[11]            | Contingency theory                                                                      | Survey-based measure for organizational performance | FSTS, FRTR, survey-based measure for internationalization scope and scale | no                  | Not applicable      |

**Notes:** ATNITA = after-tax net income to total assets; EBITOA = earnings before interest and taxes divided by total assets; ESTS = export sales to total sales; FATA = ratio of foreign to total assets; FETE = ratio of foreign to total employees; FITI = ratio of foreign to total income; FOTO = ratio of foreign to total offices; FORSUB = number of foreign subsidiaries; FRTR = foreign to total revenues; FSTS = ratio of foreign to total sales; GPM = gross profit margin; GSI = Geographic Spread Index; NPM = net profit margin; OCTS = operating costs to total sales; OPM = operating profit margin; OPSAL = ratio of operating costs to sales; OPSALINV = ratio of sales to operating costs; PEP = profits per equity partner; ROA = return on Assets; ROE = return on equity; RONA = return on net assets; ROOA = return on operating assets; ROS = return on sales; RSTS = regional sales to total sales; TAT = total asset turnover; Tobin’s Q = sum of the market value of equity and the book value of debt divided by the book value of assets.
### Table A3.

| #   | Moderator                          | Measurement                                                                 | Effect   | Findings significant | Study                        |
|-----|------------------------------------|-----------------------------------------------------------------------------|----------|----------------------|------------------------------|
| 1   | attainment discrepancy             | difference between firm aspirations and the firm’s actual performance      | positive | yes                  | Lin et al. (2011)            |
| 2   | bank debt                          | sum of all bank loans divided by the MVF                                   | negative | yes                  | O’Brien et al. (2014)        |
| 3   | bond debt                          | sum of all bonds and long-term notes divided by the MVF                    | negative | yes                  | O’Brien et al. (2014)        |
| 4   | firm age                           | natural logarithm of the number of years of operation since the firm’s inception | positive | yes                  | Singla and George (2013)     |
| 5   | firm size                          | total number of employees, logarithmized                                   | positive | yes                  | Fisch (2012)                 |
| 6   | firm size                          | natural logarithm of total sales                                           | positive | no                   | Singla and George (2013)     |
| 7   | firm type                          | dummy variable                                                             | negative | yes                  | Fisch (2012)                 |
| 8   | high-discretion slack              | current assets divided by current liabilities                              | positive | yes                  | Lin et al. (2011)            |
| 9   | intangible assets in the field of R&D | ratio of expenses for R&D to total sales                                 | negative | yes                  | Dittfeld (2017)              |
| 10  | intangible assets in the field of marketing | ratio of selling, general, and administrative expenses to total sales       | positive | yes                  | Dittfeld (2017)              |
| 11  | international asset dispersion     | total number of countries in which a firm operates subsidiaries            | negative | yes                  | Kirca et al. (2016)          |
| 12  | international expansion            | firm’s relative increase in the spread of international operations (inverted Gini coefficient measure) | positive | yes                  | Fisch (2012)                 |
| 13  | leverage                           | total debt (bank loans plus bond debt) divided by the total MVF            | negative | yes                  | O’Brien et al. (2014)        |
| 14  | low-discretion slack               | equity to debt ratio                                                       | positive | yes                  | Lin et al. (2011)            |
| 15  | marketing advantages               | selling, general, and administrative expenses (SGA) stock                 | positive | yes                  | Li et al. (2011)             |
| 16  | marketing capabilities             | dummy variable                                                             | positive | yes                  | Sun et al. (2019)            |
| 17  | technological advantages           | patent count and R&D stock                                                 | positive | yes                  | Li et al. (2011)             |
| 18  | primary industry                   | dummy variable                                                             | positive | yes                  | Borda et al. (2017)          |
| #  | Moderator                  | Measurement                                                                 | Effect  | Findings significant | Study                                         |
|----|---------------------------|-----------------------------------------------------------------------------|---------|----------------------|-----------------------------------------------|
| 19 | industry life cycle       | total sales growth in each industry to identify stage in the industry life cycle | positive | yes                  | Pangarkar and Yuan (2021)                     |
|    | **Business group affiliation** |                                                                             |         |                      |                                               |
| 20 | business group affiliation| dummy variable                                                              | negative | yes                  | Gaur and Kumar (2009)                         |
|    | business group affiliation| dummy variable                                                              | positive | yes                  | Singla and George (2013), Batsakis et al. (2018) |
|    | (keiretsu membership)     |                                                                             |         |                      | Kim et al. (2004)                             |
| 21 | business group affiliation| dummy variable                                                              | positive | yes                  |                                               |
|    | business group diversification| number of industries in which the business group affiliates participate | positive | yes                  | Borda et al. (2017)                           |
|    | **Corporate governance**  |                                                                             |         |                      |                                               |
| 23 | CEO age                   | number of years from the date of birth                                       | negative | yes                  | Hsu et al. (2013)                             |
| 24 | CEO duality               | dummy variable                                                              | negative | yes                  | Hsu et al. (2013)                             |
| 25 | CEO educational level     | categorical variable                                                         | positive | yes                  | Hsu et al. (2013)                             |
| 26 | CEO international experience| dummy variable                                                               | positive | yes                  | Hsu et al. (2013)                             |
| 27 | CEO tenure                | number of years for which the firm’s CEO has been in that position           | negative | no                   | Hsu et al. (2013)                             |
| 28 | entrenchment effect       | ratio of voting rights to cash flow rights                                    | negative | yes                  | Tsao and Chen (2012)                          |
| 29 | family dominance in the TMT| dummy variable                                                              | negative | yes                  | Lu et al. (2015)                              |
|    | family firm               | dummy variable                                                              | none     | –                    | Muñoz-Bullón and Sánchez-Bueno (2012)         |
|    | family firm               | dummy variable                                                              | positive | yes                  | Tsao and Lien (2013)                          |
|    | family ownership          | dummy variable                                                              | positive | yes                  | Tsao and Lien (2013)                          |
| 31 | firm’s governance structure| Dummy variables                                                             | positive | yes                  | Xiao et al. (2013)                            |
| 32 | foreign ownership         | share of foreign-owned paid-in capital over the total paid-in capital of the firm | positive | Yes                  | Chen et al. (2015)                            |
| 33 | incentive alignment effect| cash flow rights level of the largest ultimate owner                          | positive | yes                  | Tsao and Chen (2012)                          |
| 35 | ownership structure       | dummy variable                                                              | positive | yes                  | Gu et al. (2018)                              |
| 36 | state ownership           | share of state-owned paid-in capital over the total paid-in capital of the firm | positive | none                 | –                                              |

(continued)
| #  | Moderator                                | Measurement                                                                 | Effect   | Findings significant | Study                        |
|----|------------------------------------------|-----------------------------------------------------------------------------|----------|----------------------|------------------------------|
| 37 | TMT Experience                          | average number of years for which the TMT members have worked in a particular industry | positive | yes                  | Singh et al. (2010)          |
| 38 | cluster presence                        | dummy variable                                                              | none     | –                    | Upadhyayula et al. (2017)    |
| 39 | degree of centralized government control| scale ranging from 1 to 10                                                  | positive | yes                  | Xiao et al. (2013)           |
| 40 | degree of home-region orientation        | magnitude of foreign export sales realized in Asia-Pacific                   | positive | yes                  | Lee (2013)                   |
| 41 | difference in growth rate               | [(Global industry growth rate)] − [(Home country industry growth rate)]       | negative | yes                  | Elango (2012)                |
| 42 | home country governance                  | mean average score of 6 governance items                                    | positive | yes                  | Elango (2006)                |
| 43 | home country legal institutions          | dummy variables                                                             | positive | yes                  | Li and Yue (2008)            |
| 44 | home country political stability         | Index                                                                        | positive | yes                  | Tan and Chintakananda (2016) |
| 45 | home country political risk              | Index                                                                        | positive | yes                  | Cuervo-Cazurra et al. (2018) |
| 46 | home country corruption                  | Index                                                                        | positive | yes                  | Cuervo-Cazurra et al. (2018) |
| 47 | home country regulatory effectiveness    | combination of four indices                                                 | positive | yes                  | Tan and Chintakananda (2016) |
| 48 | normative institutional distance         | Index                                                                        | positive | yes                  | Chao and Kumar (2010)        |
| 49 | regulative institutional distance        | Index                                                                        | negative | yes                  | Chao et al. (2012)           |
| 50 | industrial diversification              | entropy measure                                                             | none     | –                    | Wan (1998)                   |
| 51 | quality certification                   | dummy variable                                                              | positive | yes                  | Upadhyayula et al. (2017)    |
| 52 | trade liberalization                    | dummy variable                                                              | negative | yes                  | Banalieva and Sarathy (2011) |

(continued)
### Moderator Measurement Effect Findings significant Study

**Strategy N = 36**

| #  | Moderator                     | Measurement                                                                 | Effect | Findings significant | Study                        |
|----|-------------------------------|----------------------------------------------------------------------------|--------|-----------------------|------------------------------|
| 53 | acquired shares               | the percentage share of total equity of the target company that the acquirer has proposed to acquire | negative | yes                   | Batsakis et al. (2018)       |
| 54 | advertising intensity         | firm’s proprietary marketing assets                                        | positive | yes                   | Kirca et al. (2016)          |
| 55 | advertising intensity         | advertising expenditure divided by sales                                     | positive | yes                   | Lu and Beamish (2004)        |
| 56 | board activeness              | ordinal variable indicating the frequency of board meetings each year         | positive | yes                   | Lu et al. (2015)             |
| 57 | board independence            | number of independent directors                                              | positive | yes                   | Lu et al. (2015)             |
| 58 | cost efficiency               | ratio of total sales divided by cost of sales                                | negative | yes                   | Pattnaik and Elango (2009)   |
| 59 | duration of internationalization entry mode | number of years since the firm conducted its first cross-border sales | positive | yes                   | Abdi and Aulakh (2018)       |
| 60 | export intensity              | percent of parent firm sales that were derived from export revenues          | none    | –                     | Jain and Prakash (2016)      |
| 61 | firm-specific assets          | the ratio of a studio’s budget for blockbuster productions to its total production budget in a year | negative | yes                   | Lu and Beamish (2001)        |
| 62 | internationalization motives | dummy variable                                                              | positive | yes                   | Tashman et al. (2019)        |
| 63 | intrafirm trade               | 1 – (absolute value of (exports – imports)/(exports + imports))              | positive | yes                   | Jain and Prakash (2016)      |
| 64 | investments                   | quotient between capital expenditures and total sales                        | negative | no                    | Elango (2012)                |
| 65 | knowledge integration         | 7 items in the survey using a 5-point Likert scale                           | positive | yes                   | Dittfeld (2017)              |
| 66 | marketing intensity           | 7 items in the survey using a 5-point Likert scale                           | positive | no                    | Zahra et al. (2000)          |

(continued)
| #  | Moderator                          | Measurement                                                                 | Effect  | Findings significant | Study                                      |
|----|-----------------------------------|------------------------------------------------------------------------------|---------|----------------------|--------------------------------------------|
| 68 | marketing intensity               | annual advertising expenditure divided by sales                              | negative| yes                  | Pattnaik and Elango (2009)                 |
| 69 | marketing intensity               | marketing expenditures divided by sales                                       | negative| yes                  | Chen et al. (2014)                         |
| 70 | R&D intensity                     | logarithm of (advertisement cost to number of employees)                     | positive| yes                  | Chen et al. (2014)                         |
| 71 | R&D intensity                     | parent firm’s R&D spending as a percentage of its sales                       | none    | –                    | Berry and Kaul (2016)                      |
| 72 | R&D intensity                     | firms’ unique technological assets                                           | positive| yes                  | Kirca et al. (2016)                        |
| 73 | R&D intensity                     | R&D expenditures divided by sales                                            | negative| no                   | Kotabe et al. (2002)                       |
| 74 | R&D intensity                     | R&D spending divided by sales                                                | positive| yes                  | Lu and Beamish (2004), Bae et al. (2008)   |
| 75 | real options awareness            | dummy variable                                                               | positive| yes                  | Ioulianou et al. (2021)                    |
| 76 | region-specific marketization     | marketization index for Chinese regions developed by Fan et al. (2011)       | positive| yes                  | Chen et al. (2015)                         |
| 77 | location choice                   | mean distance between a firm’s HQ and its foreign subsidiaries               | negative| yes                  | Fisch (2012)                               |
| 78 | scale of operations               | natural logarithm of the firm’s annual sales                                 | positive| yes                  | Thomas (2006)                              |
| 79 | technological resources           | ratio of R&D cost to annual sales revenue                                    | positive| yes                  | Gu et al. (2018)                           |
| 80 | Location strategies               | geographic distance                                                          | negative| no                   | Chang and Wang (2007)                      |
| 81 | overall effect of product         | location choice                                                              | positive| yes                  | Chang and Wang (2007)                      |
| 82 | diversification (related and      | Herfindahl type index                                                        | positive| no                   | Oh and Contractor (2012)                   |
| 83 | unrelated)                        | entropy measure                                                              | negative| yes                  | Oh et al. (2015)                           |

(continued)
| #  | Moderator                                      | Measurement                                                                 | Effect   | Findings significant | Study                        |
|----|-----------------------------------------------|-----------------------------------------------------------------------------|----------|----------------------|------------------------------|
| 84 | related product diversification               | entropy index; weighted average of the firm’s degree of diversification within related business segments | positive | yes                  | Chang and Wang (2007)        |
| 85 | related product diversification               | dummy variable                                                              | positive | yes                  | Chen et al. (2014)           |
| 86 | unrelated product diversification              | entropy index; weighted average of the firm’s degree of diversification within unrelated business segments | negative | yes                  | Chang and Wang (2007)        |
| 87 | unrelated product diversification              | dummy variable                                                              | negative | yes                  | Chen et al. (2014)           |
| 88 | cultural diversity                            | cultural distance index                                                     | negative | yes                  | de Jong and van Houten (2014), Fisch (2012) |
| 89 | computer-mediated communication               | 5-point Likert scale                                                        | positive | yes                  | Andersen and Foss (2005)     |
| 90 | IT investment                                  | IT investment made in 1997 divided by number of employees                   | positive | yes                  | Chari et al. (2007)          |

**Notes:** The coding of the effect (positive, negative or none) is based on the claims made by the authors in the respective paper, even though they sometimes reported insignificant results.
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